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# THE JERUSALEM POST

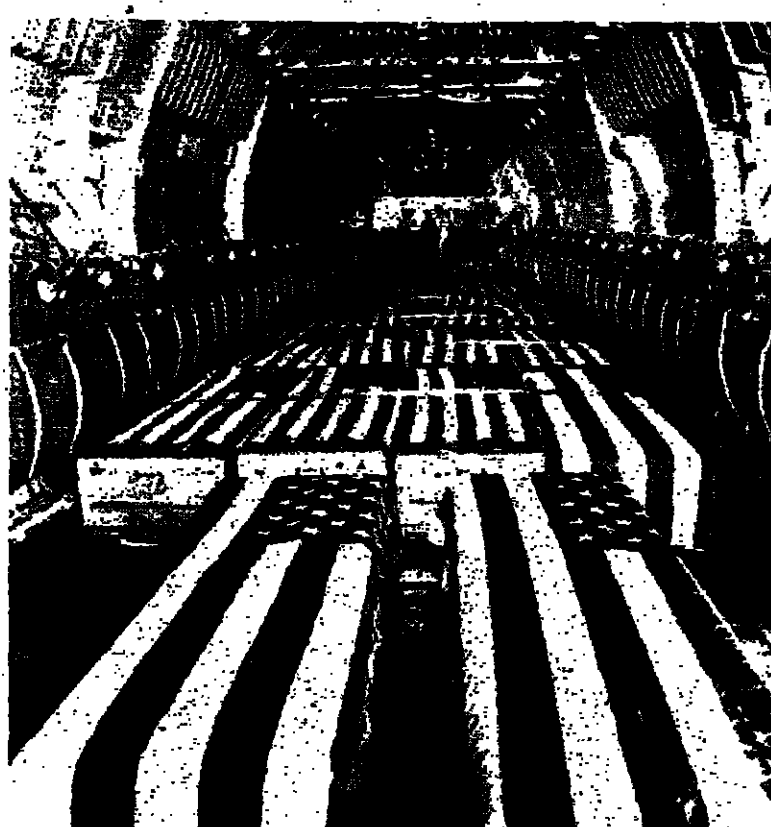
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## FESTIVAL DIARY

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A small boy who lost his father when an Iraqi missile struck the American guided missile frigate 'Stark' in the Gulf last Sunday watches as the coffin containing the victims of the attack are loaded aboard an air force jet yesterday for burial in the U.S. (Story, page 3) (Reuters)



## Cabinet hears IDF arguments against project

# Lavi seen going ahead despite strong army case

By JOSHUA BRILLIANT  
Post Defence Reporter

Cabinet ministers who previously supported the continuation of the Lavi programme, appeared hesitant following a presentation by IDF and Defence Ministry experts yesterday. But one minister told *The Jerusalem Post* that he was confident that the cabinet will decide to go ahead with production of the aircraft.

The army has been anxious to scrap the plan to build 100 or more Lavis because of their cost. Instead it wants to purchase 75 F-16Cs and use the money saved from scrapping the Lavi for research, development and procurement projects that would benefit the Navy and Air Force.

It is still too early to predict how the cabinet will vote because the defence establishment has not completed its presentation. Neither Defence Minister Rabin, who has not made his position on

the Lavi known, or Chief of General Staff Rav-Aluf Dan Shomron, an avowed opponent of the project, testified yesterday.

The Treasury, and Israel Aircraft Industry (IAI) – the plane's main contractor – had also not yet testified.

Following the session, Energy Minister Moshe Shalev, a supporter of the project, seemed to have second thoughts.

He said that though he still supported the Lavi, "I can't ignore the facts that have been presented to me. I will face a serious problem."

Economics Minister Gad Ya'acobi also seemed to waver in his support for the Lavi. He said it was still too early to express an opinion about what he had heard, and "it is possible that in the course of the debate there will be reasons, facts and factors that will make me change my mind."

However, he insisted, he still believed the plane ought to be built: "The Lavi is an industrial,

economic, technological, defence and national project and its implications go beyond the military-security connection. Its contribution to developing industry and employment must be taken into account."

Similarly Transport Minister Haim Corfu said he was confident that the ministers would vote to continue the programme. A considerable amount of the total cost has already been paid for, he argued.

The ministers will undoubtedly be influenced by public opinion which overwhelmingly supports the Lavi.

A poll conducted by Mina Tsemach showed that 80 per cent of the country supported the project. Only 15 per cent opposed it, while 5 per cent did not respond. These figures are identical to the outcome of a similar poll conducted last month.

(Continued on Back Page)

## All students to pay \$1,600

# University heads reject two-tier fee system

By BERNARD JOSEPHS  
Jerusalem Post Reporter

In a stinging rejection of government policy, the universities announced last night that they would ignore the cabinet's controversial decision to impose a two-tier system of tuition fees.

The announcement, which came after a meeting in Jerusalem of university heads, was seen as a declaration of open support for students who have been campaigning against the policy.

But the university chiefs also decided to set fees at over \$1,600 for all students next year – far higher than the \$800 level students had sought.

The cabinet decided on Sunday that students who do not serve in the IDF – which include nearly all Arabs – would pay a tuition fee of \$1,550, while those who did serve would pay \$500 less.

Student leaders, both Jewish and Arab, immediately labelled the new regulations as racist and launched a protest campaign against them.

The cabinet ruling was condemned by academics, top scientists and Education Minister Yitzhak Navon.

After the meeting of the Committee of University Heads last night, their chairman, Weizmann Institute President Aryeh Dvoretzky said: "We completely reject all attempts to differentiate between students on the matter of tuition fees."

"We will not impose different fees. All students will pay the same."

Sources in the committee said the university chiefs had been angered by what most of them regarded as "blatant discrimination." It was pointed out that the new policy would not only penalize Arab students but also others, such as people with physical handicaps, who could not serve in the IDF.

The universities legally have the power to set their own fees. But in recent years the level of fees has in fact been determined by the government, due to the universities' dependence on state aid.

Prof. Dvoretzky said that the government's decision to set the average fee at \$1,050 and the "minority" fee at \$1,505 was insufficient to finance the universities in the coming year.

He went on: "If the government does not come to our aid, then we will be forced to fix tuition independently around the figure of

# Early poll bubble bursts

By MENAHEM SHALEV  
Post Political Reporter

The main achievement of the special three-man Labour team which ended its round of talks with the small parties yesterday was to dispel any illusions of securing a Knesset majority for early elections, Labour Party spokesman said.

Foreign Minister Peres joined the team for its final meeting with Agudat Yisrael. Following the three-hour meeting, MK Avraham Shapira said that both sides had agreed that there would be no "buying and selling" of political favours, and that Agudat Yisrael reiterated its opposition to early elections.

Peres and his aides did appear to win over some temporary converts to his peace initiative, and Shapira said, "I must admit that after hearing the foreign minister there really is room to ask Shamir what dangers he sees."

Peres agreed to Agudat's suggestion that a joint meeting between him, Agudat Yisrael and Shamir might be in order "so that we could argue together about peace," Shapira said.

The appointment of Shas leader Rabbi Yitzhak Peretz to the government was not brought to the cabinet in its meeting yesterday, because of opposition voiced by Peres.

Labour ministers, meeting late last night in Jerusalem, decided to oppose any Likud-Shas agreement on the registration of reform converts on the grounds that it violated the coalition agreement.

The ministers said after the meeting that the coalition agreement stipulates prior mutual coordination on changes in the status quo on religious affairs. The ministers said that the agreement also contradicts the government decision to set up an interministerial committee on Reform conversions.

Energy Minister Moshe Shalev was appointed to meet with Peretz and explain Labour's position "so that he won't be led astray."

## Shinui votes to leave

TEL AVIV. – The Shinui party council voted last night to leave the government and the coalition. The vote was 55 in favour, five opposed and five abstentions.

Outgoing minister Amnon Rubinstein reiterated the reasons for leaving, citing the Likud's thwarting of the peace initiative, the government's inability to function, the "sell-out" to the religious parties and the cabinet decision on university fees.

He said that Tuesday night's Shas-Likud agreement must be checked to see whether it violates the government guidelines on maintaining the status quo on religious affairs.

Labour ministers decided late last night to oppose the Shas-Likud agreement and appointed Energy Minister Moshe Shalev to meet with Peretz on the matter. The ministers endorsed Peres's position and reviewed the party strategy for the

immediate future.

Sources close to Shamir said that Peres was "needlessly creating tension" and that Shamir would bring Peretz's appointment to the cabinet at its meeting on Sunday. The sources maintained that there was no connection between the agreement and Peretz's return as minister without portfolio.

Peretz and the Likud both denied yesterday's reports that the Shas leader had been offered the Justice portfolio. Peretz would return to the Interior Ministry if, and when, the Likud succeeds to push through its proposed amendment to the 1927 Change of Religious Communities Ordinance, a Shas spokesman said.

The dim prospects of such Likud success prompted Labour Secretary-General Uzi Baram yesterday to change Labour's timetable for early elections from "weeks" to "months." The Likud must enact the amendment within 60 days, or face the possibility of another Shas departure from the coalition and a potential agreement with Labour.

A meeting of Likud ministers yesterday reaffirmed the party's commitment to the continued existence of the national unity government. The ministers said, however, that they are now certain that Shamir could put together a narrow-based coalition and that they preferred this option to early elections.

Earlier, the Likud ministers met with Minister Yigael Hurvitz and traded compliments on their opposition to an international conference.

# Blasts in central Jo'burg kill three policemen

JOHANNESBURG. – Two powerful bomb blasts in the crowded centre of Johannesburg yesterday killed three white policemen hours after police launched a new security swoop.

The bombs, hidden in a car, blew up within minutes of each other outside the magistrates' court in a street packed with thousands of workers taking a lunch break.

Police said six other policemen and six civilians were injured in the blast. The white-led government blamed the blast on its black guerrilla opponents.

The explosions came hours after hundreds of police swooped on student hostels and a central Johannesburg apartment tower where blacks live in defiance of apartheid regulations, under which the area is designated for whites only.

Law and Order Minister Adriaan Vlok said the blasts were the work of the African National Congress (ANC), the main organization fighting for black majority rule in South Africa.

Eyewitnesses said people streamed out of the courthouse in panic, and police reported that a pregnant black woman, shocked by the blast, gave birth prematurely on a sidewalk near the site of the blast.

One witness said: "It was terrible. There was this huge bang and I looked round and saw this woman flying through the air."

Police and ambulance sirens shrieked and debris littered the streets.

Yesterday's explosions had been preceded by a blast that ripped through the basement level of the exclusive Carlton shopping complex in central Johannesburg at about 11 p.m. on Tuesday.

The Carlton bomb had been spotted prior to exploding by a cleaning woman, and there were no casualties.

About 20 photographers and television crew members taking shots of yesterday's explosions were herded off to nearby police headquarters at John Vorster Square, after the blasts.

The blasts occurred on the fourth anniversary of the deadliest guerrilla bombing attack in South Africa, when 19 people were killed and more than 200 injured by a car bomb



The scene outside the Johannesburg Magistrate's Court after a series of blasts killed three policemen yesterday. (AFP)

that exploded outside an office building in Pretoria.

The ANC claimed responsibility for that explosion but has made no specific comment on the nearly 50 bombings in South Africa since a state of emergency was declared June 12.

Yesterday's blast was the 10th in South Africa's largest city this year and the 25th in the country this year. So far six people have died and 19 have been injured in the blasts.

Office buildings in Johannesburg, South Africa's commercial centre,

have often been the targets of bomb attacks.

The largest attack came only hours after President P.W. Botha opened Parliament with a speech that offered no new initiatives on reforming apartheid's race discrimination.

It was the first session after whites-only elections earlier this month gave Botha's National Party an increased majority and strengthened the hand of apartheid radicals opposed to any compromise with the black majority. (Reuters, AFP)

## Davis Cup tie in New Delhi

# Sport triumphs as India agrees to host Israelis

By JACK LEON

Foreign Ministry officials yesterday welcomed India's decision to allow the Israeli Davis Cup tennis team to play against its national team in New Delhi.

"We are glad the Indians decided in the spirit of sport and we look forward to the meeting," a Foreign Ministry spokesman said.

David Harnik, chairman of the Israel Tennis Association said he received a telex from the All India Lawn Tennis Association confirming that the match would be played in New Delhi.

"This is a great triumph for the crusade against mixing politics and sport," Harnik told *The Jerusalem Post*.

The match had been in doubt because Indian foreign policy bars official contacts with Israel in support of the Palestinian cause. Indian Prime Minister Rajiv Gandhi refused an Israeli table tennis team permission to enter India in February to play in the world championship.

According to a sports promoter in Bombay, Gandhi decided to allow the tennis match to be played for fear that a refusal would lead the International Tennis Federation to expel India from the Davis Cup.

The Davis Cup quarter-final match is scheduled for July 24-26. "We hope that the conditions on court in New Delhi and the atmosphere the Israelis find there, will be conducive to a fair and sporting contest," Harnik said.

Israel will probably be represented at the match by Shlomo Glickstein, Amos Mansdorf, Shahar Perkis and Gilad Bloom, together with non-playing captain Yosef Stabholz, Harnik said. This was the team that took Israel to its upset victory over third-seeded Czechoslovakia in March in the first round of the cup's 16-nation premier division.

With the match in New Delhi taking place on a grass court, the Israeli team will prepare for the game by competing at the Wimbledon tournament and two earlier English grass-court tournaments. The squad's intensive preparations will wind up with training at a closed camp in India.

To date, Israel has played only one of its 49 Davis Cup matches on grass. It played the European zonal final against Britain at Eastbourne and lost 4-1.

# Four IDF soldiers hurt in blast

By DAVID RUDGE  
Jerusalem Post Reporter

ROSH HANIKRA. – Four IDF soldiers were wounded in a roadside bomb blast while patrolling along the northern border of the security zone in South Lebanon yesterday morning, army sources reported.

The remote-controlled explosive device, which had apparently been planted the previous night, was triggered as the motorized patrol passed by.

The injured soldiers were given treatment at the scene and later transferred by helicopter to the Rambam hospital in Haifa.

One of them was reported to be in serious condition last night, suffering from severe burns. Two others were said to have slight injuries and the fourth was released.

The incident occurred in the central sector of the zone which has been a hotbed of terrorist activity in recent months.

IDF troops and soldiers from the South Lebanese Army made extensive searches of the region following the bomb blast.

The Islamic Resistance Movement, a pseudonym for the radical Hizbullah, claimed responsibility for the attack.

The Iranian-backed organization claimed responsibility for two similar roadside bombings involving IDF and SLA patrols in the same area recently. There were no injuries or damage caused on those occasions.

According to reports from South Lebanon, three mortar shells exploded close to a SLA position near the predominantly Christian township of Marjayoun late on Tuesday night. No injuries or damage were reported.

Meanwhile, in Sidon, residents reported that six Israeli warplanes swept low over the city port and nearby Palestinian refugee camps yesterday, according to a news agency report.

# Guards were asleep during Gaza breakout

By BRADLEY BURSTON

GAZA. – Some of the guards on duty when six security prisoners escaped from the central prison here early Monday may have been asleep at their posts, sources close to the Prison Service internal inquiry commission said yesterday.

The guard assigned to a watchtower directly adjacent to the window from which the escapees made their get-away has been particularly intensively interrogated, as have members of the Islamic Jihad terrorist organization, believed to have smuggled saw-blades into the prison.

As the search enters its fourth day, security forces believe that the escapees may try to cross over the border to Egypt.

Speculation persists that the guards routinely slept on the night shift.

## Some classes begin at 10

TEL AVIV. – Third and fourth grade pupils will begin class at 10 a.m. today as teachers continue their protest against proposed cuts in the education budget.

## Renting your shop?



Hurry!

There are only a few hours left to place your classified ad for tomorrow's Luah Ma'ariv. Just take your ad to any advertising agency, or to an office of Ma'ariv (or call 03-439439) and it will run in Hebrew in that paper. Hand it in early enough to make sure it reaches the office of Luah Ma'ariv before 5 p.m. today and your ad will also appear in English in The Jerusalem Post. Beat that deadline!

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# The weather at major Swissair destinations

	20.5.87	C	F	W	Cloud
AMSTERDAM	6	43	9	48	Cloudy
BIRMINGHAM	11	51	17	62	Cloudy
BURBANK	15	59	23	73	Cloudy
CHICAGO	11	51	17	62	Cloudy
COPENHAGEN	4	39	11	52	Cloudy
DENVER	8	46	19	66	Cloudy
FRANKFURT	7	45	19	66	Cloudy
GENEVA	8	46	19	66	Cloudy
HONG KONG	23	73	24	75	Cloudy
JERUSALEM	15	59	23	73	Cloudy
LONDON	11	51	17	62	Cloudy
MADRID	7	45	21	70	Cloudy
MONTREAL	5	41	17	63	Cloudy
NEW YORK	11	51	17	62	Cloudy
OSLO	6	43	15	59	Cloudy
PARIS	6	43	15	59	Cloudy
PORTO	9	48	22	72	Cloudy
SAO PAULO	14	57	35	95	Cloudy
STOCKHOLM	7	45	18	64	Cloudy
TOKYO	17	63	26	79	Cloudy
TORONTO	11	51	17	62	Cloudy
VIENNA	11	51	17	62	Cloudy
ZURICH	4	39	12	54	Cloudy

\*For the latest weather conditions contact Swissair.  
Tel Aviv: 1 Ben Gurion St. Tel. 05210020  
Jerusalem: 33 Jaffe St. Tel. 02237070  
Haifa: 25a Pithul St. Tel. 04234355  
Be'er Sheva: 28 Ha'aretz St. Tel. 05439222  
Cairo: Ben-Gurion Airport. Tel. 020772151

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## THE WEATHER

Forecast: Partly cloudy

	Yesterday's	Today's	Max
Jerusalem	16	21-29	27
Golan	16	17-29	27
Nahariya	10	20-29	27
Safad	10	20-29	27
Haifa Port	23	18-28	25
Tiberias	23	18-28	25
Nazareth	31	17-31	29
Afula	17	20-30	28
Shomron	17	20-30	28
Tel Aviv	22	18-25	25
B-G Airport	24	18-26	27
Jericho	13	24-37	35
Gaza	22	19-24	24
Beersheba	20	15-33	31
Eilat	8	27-41	38

## SOCIAL & PERSONAL

The Alex, and Myra Marmot hybrid laboratory (monoclonal antibodies) was inaugurated at the Tel Aviv University yesterday.

## ARRIVALS

Mr. and Mrs. Lester Eskin from Mexico, for the Coronation of the Confession of Holy Scriptures, Mr. Sam Moss from Australia, Mrs. Barbara Sieratzki from Germany, Mr. and Mrs. Shaye Nizri from Mexico, Mr. N. Weinberg from Mexico, Mr. and Mrs. Ernest Zoref from Mexico, Mr. and Mrs. Joe Fridman from Mexico, Mr. and Mrs. Eduardo Sitt from Mexico, Paul and Annie Yanowicz from the U.S.A., Sir Leslie Porter from England, Chairman of the Board of Governors, Lady Shirley Porter from England, Mr. and Mrs. Wapinsky from Mexico, Mr. and Mrs. Schwartz from Mexico, Mr. and Mrs. G. Zagorin from Mexico.

## Anti-Semitism forces agency to drop resort

By GREER FAY CASHMAN  
Jerusalem Post Reporter

Complaints of anti-Semitism have led Natour, Israel's largest wholesale ski resort operator, to drop the Larnos ski resort in Austria from the list of destinations it offers its customers.

According to several reports in the past three months, the Edelweiss Hotel had hosted a neo-Nazi convention and had an anti-Semitic slogan scribbled on one of its walls, next to the elevator.

## Ads call for pardons for Jewish terrorists

Jerusalem Post Reporter

"Over 1,800,000 want it," billboards and posters in Jerusalem and Tel Aviv have been announcing, and yesterday other posters told us what "it" is: a pardon for the seven remaining prisoners of the Jewish underground.

The committee for the prisoners has recently begun a two-week publicity campaign for their release, funded by contributions from Israel and abroad.

## HOME AND FOREIGN NEWS

# Treasury asks NIS 1.2b. for moshavim

By AVI TEMKIN  
Post Economic Reporter

The Treasury formally asked the Knesset Finance Committee yesterday to approve a NIS 1.2 billion bail-out scheme for the country's moshavim. If approved by the panel, the bail-out will be the largest in Israel's history.

The details of the rescue plan were drafted by the government-appointed Ravid Committee after months of deliberations. Formal submission of the request followed

intensive negotiations between the Agriculture Ministry and the Treasury.

The committee will begin discussing the Treasury proposal only next week. Since most moshavim are tied to the Labour Party, the request is expected to set off a heated debate between Labour and the Likud.

Likud committeemen are likely to try to put off a decision, and to demand an in-depth investigation of the activities of the moshav purchasing organizations and of the reasons

for the financial collapse of the moshavim.

Under the arrangement drafted by the Ravid Committee, the government is to contribute NIS 692 million to putting the moshavim back on their feet. These funds will go to convert short-term debts into long-term ones on which 8 per cent interest will be charged.

The government will make the money available over four years. The commercial banks are to contribute NIS 261m. to the debt-

rescheduling scheme.

In addition, moshav debts totalling some NIS 300m. are to be written off by the banks and the Jewish Agency.

The Treasury told the Knesset Finance Committee that the moshav purchasing organizations would get out of the money market and restrict themselves to buying and selling agricultural equipment.

Some moshavim are to disband, returning their water rights and land to public agencies.

## 'Moroccan PM secretly visited here'

By DVORAH GETZLER  
Post Knesset Reporter

Two months before the Likud came to power in 1977, Morocco's premier made a secret visit to Israel to further negotiations between Israel and Egypt.

The negotiations had begun with a secret visit to Morocco by then prime minister Yitzhak Rabin in October 1976.

This was revealed in the Knesset this week by Alignment MK Jacques Amir, who said that Rabin had met in Morocco with Egyptian representatives. Amir was speaking in Tuesday's no-confidence debate.

It was those moves that had culminated in President Anwar Sadat's historic visit to Israel in October 1977, said Amir.

And it was only by the luck of the polls that the Likud's Menachem Begin had earned the role of peacemaker, he continued.

## Radioactive nuts barred from entry

By JUDY SIEGEL  
Post Science and Health Reporter

The Health Ministry yesterday discovered a 15-ton Turkish shipment of hazel nuts with a radioactive level twice that permitted by the authorities.

According to a ministry spokesman, the shipment of nuts was tested at the Haifa Port. The ministry ordered the importer to send the shipment back within 24 hours, and he agreed to do so immediately.

This is the third reported case of an imported food product found to have a high radioactive level since the Chernobyl nuclear reactor disaster in the USSR 13 months ago. The first involved pistachios and the second, a shipment of dried bay leaves from Turkey. The ministry says it will continue to check all imports from Europe and Turkey until further notice.



Foreign Minister Shimon Peres confronts Gush Emunim demonstrators who gathered outside his house in Jerusalem yesterday, some of them wearing Arab kaffiyehs, to protest against the proposed international peace conference. (Yossi Zamir/Scoop 80)

## Sharon's ex-aide comes under fire

Post Knesset Correspondent

State Comptroller Ya'acov Maltz appeared to cast doubts yesterday on the credibility of a former senior official under Industry Minister Ariel Sharon.

Maltz's criticism of former Industry Ministry director-general Yehoshua Forer came during a Knesset State Control Committee meeting devoted to examining Sharon's favours to his millionaire friend Meshulam Riklis.

Maltz has written a report officially scoring Sharon's actions. The industry minister has fully admitted his role in the case.

Riklis, a former Israeli who lives in the U.S., gave Sharon a \$200,000 long-term interest-free loan (since

repaid) some years ago. When Riklis bought the controlling shares in Haifa Chemicals, for which the Industry Ministry is responsible, Sharon arranged grants and tax concessions for the corporation.

In his report on the affair, Maltz said an Investments Centre appeals committee had met and rejected granting tax concessions to the company. Forer talked to members of the appeals panel by phone and persuaded them to reverse their decision. He then had the minutes of the meeting altered to make it appear that the concessions had been approved at the meeting, Maltz said.

But Forer told the Knesset panel yesterday that he neither drew up

nor signed the minutes of the appeals committee.

Forer said one of his aides must have forged the minutes without his knowledge.

Forer said: "I don't know Riklis, and I never spoke to Sharon about Haifa Chemicals."

At this point Maltz fished a paper out of his file - a letter written by Forer personally to the then head of the Investments Centre, Yoram Belizovsky, in which Forer said: "Please correct the minutes and pass them on to the ministers."

Maltz said: "The minutes as altered contain three points that are untrue. That is tantamount to misadministration."

## Witness 'didn't hate enough' to kill Barbie

LYON (AP). - A witness at Klaus Barbie's trial for crimes against humanity revealed yesterday that he had set out to kill Barbie in Bolivia but discovered, when confronted with him, that he "didn't hate him enough."

Michael Goldberg, 48, said that he had wanted to avenge his father who was arrested in the February 1943 raid on the General Union of the Israelites of France (Ugif) in Lyon, and deported to Auschwitz from where he never returned.

Barbie, 73, is being tried for the arrest, torture and deportation of hundreds of Jews and French Resistance members between 1942 and 1944, when he was head of the Gestapo in Lyon.

Most of yesterday's testimony focused largely on the roundup at Ugif - an organization involved in helping Jews escape to Switzerland - which led to the deportation and eventual death of 84 Jews.

In April 1974, Goldberg posed as a journalist and met Barbie, then using the alias Klaus Altmann. Asked by a third party why he was being bothered so much if he had only been an SS lieutenant in Lyon, Barbie - according to Goldberg - replied: "I had more power than a general."

Another of the four witnesses who testified yesterday was Eva Gottlieb of Jerusalem who had worked as an assistant at the Ugif.

"I opened the door and I saw immediately that I had fallen into a trap," she said, referring to the day of the roundup. Ultimately, she escaped because she had French papers which did not indicate that she was Jewish.

Lea Weiss, 61, told of how as a young girl she had gone to the Ugif to seek medical help for her ailing mother and found the roundup was in progress.

Weiss, who was 16 at the time, said she pleaded with her captors to allow her to go back and tell her mother, and was told to report the next morning to Gestapo headquarters in Lyon. She did not do so, but hid out with other families.

## UNIVERSITY

(Continued from Page One)

\$1,680. The opening of the next academic year depends on this."

The university chiefs are to meet again tonight to discuss setting their own fees. They say the institutions must raise around \$30 million to meet budget deficits.

Sources in the National Union of Students expressed satisfaction last night with the universities' decision to reject the government's policy. But they said they did not think the union and its members would agree to a tuition fee of more than \$1,600.

However, there was little official comment from the students. NUS deputy chairman Hananel Holzer said late last night that the union would continue with its High Court of Justice action aimed at forcing the

government to change its policy. He added it was too early to react to the university's suggestion of a high tuition fee.

Speaking on Israel TV's *Moked* programme last night, Energy Minister Moshe Shalev said that when the Likud ministers voted for the two-tiered tuition on Sunday, they believed only Arabs would be subject to the higher rate.

"The Likud ministers' intentions were blatantly racist," he said.

Prof. Uriel Procaccia of Hebrew University, also speaking on *Moked*, rejected Science Minister Gideon Patai's assertion that only a third of those obliged to pay the higher tuition would be Arabs. Procaccia said a computer sampling had found that 75 per cent of those paying the higher rate would be Arabs.

The proposal to set two levels of fees came from Patai. It was backed in the cabinet by the Likud and the religious parties, and opposed by Labour.

The chairman of the Committee for Arab Education, Haifa University sociologist Majid al-Haj, described the universities' decision as an "important step."

But, he added, the strike of all schools in the Arab sector, due to take place today, would go ahead.

Al-Haj said the strike had been aimed at the government's policy which he described as "shameful," and he pointed out that though the universities had declared their opposition, the policy remained.

Andy Court adds: Aroused by the government's recent decision on tuition fees, student's at Jerusalem's Hebrew University turned out in unusually large numbers to vote for student union representatives yesterday.

The ballots were still being counted at press time last night, but student leaders predicted that the centre and left Ofek, Shimui and Ometz parties would benefit from the increased turnout.

Other observers, though, believed that the fees controversy would polarize students, giving more votes to the right and left but hurting the centrist Ofek faction.

## Carmel market stalls razed

By JONATHAN KARP  
Jerusalem Post Reporter

TEL AVIV. - Angry and desperate Carmel Market merchants yesterday denounced the municipality for Tuesday night's demolition of five fruit and vegetable stalls which had been built illegally.

"Does Chich [Mayor Shlomo Lahat] live like this?" said one as he pointed at the mangled metal beams and broken cinder blocks where the stalls used to stand.

David Abudi, Carmel Market veteran of more than 30 years broke into tears as he surveyed the debris. Suddenly he grabbed his chest and started gasping for air in what was an apparent heart attack. Friends doused him with water, massaged his chest and tried to get him to relax until an ambulance arrived and took him to Hadassah Hospital.

The demolition was carried out by bulldozers around midnight on

Tuesday, the merchants said. The city stressed yesterday that the action was legal and that the merchants had had plenty of time to dismantle the structures or to seek a settlement. A spokesman said that only four stalls had been demolished.

The stalls in question had been destroyed by a fire in 1985 and rebuilt out of cinder blocks without building permits. The spokesman noted that a demolition order had originally been signed in September 1985 and had been upheld by both the Magistrates' Court and the District Court in Tel Aviv.

Avshalom Lesheim, the lawyer who represents the merchants, explained yesterday that none of the Carmel Market merchants had permits, and that Lahat condoned this situation unless they made changes or additions to their stalls. "Lahat has made it a top priority to stop illegal building," he said.

In memory of our beloved son and brother  
**Flight Captain**  
**GABI BEN ARZI FRIEDLANDER**  
who fell on active service, May 10, 1977,  
a memorial service will be held at 2 p.m.  
on Friday, May 22 at the Kiryat Shaul Military Cemetery.

We announce in deep sorrow the death of  
**ILSE HERZ**  
The funeral will take place today, Thursday, May 21, 1987  
at 10:30 a.m. at the Kirat Samir cemetery, Haifa.

Heinz Gostynski  
and her loving friends

We mourn our  
**PEARL GORDON**  
Miriam Flachs Shlomo Gross  
Shifra Cohen Moshe Posner

Yosef Ben-Aharon:

# Why did Peres exclude Shamir?

"We have made it clear to the Egyptians that this is no way to conduct bilateral relations," Yosef Ben-Aharon, the director-general of the Prime Minister's Office, says of Cairo's singular relations with Foreign Minister Shimon Peres and its apparently pointed disregard of Prime Minister Shamir.

Ben-Aharon, who meets with Egypt's Ambassador Mohammed Bannouny fairly regularly, asks: "What if we were to talk only to [Egyptian Defence Minister Abdel-Halim] Abu Ghazala? How would President Mubarak feel?"

Ben-Aharon's remarks were triggered by a report in Tuesday's *Al-Ahram* of Israeli-Egyptian contacts on a possible Shamir visit to Egypt. Ben-Aharon knows of no such contacts but says that Shamir would be happy to visit Egypt. From Egypt's point of view, such a visit could make sense if Mubarak was seeking to persuade Shamir to reconsider his views on an international peace conference.

Ben-Aharon speaks in a similar vein of Peres's exclusion of Shamir in recent months from the negotiations with Jordan: "He should have brought in, consulted with, informed a group of senior Likud ministers, from the beginning. The first that Shamir knew of the American-mediated Israeli-Jordanian agreement on terms of reference for the conference was when [U.S. ambassador Thomas] Pickering brought the document to him one morning - Pickering, not Peres. Peres's [treatment of Shamir] was self-defeating."

Ben-Aharon agrees that as Peres did with Defence Minister Rabin, he should have taken Shamir with him to the recent meeting with Hussein - a meeting in which Rabin, who had always had his doubts about Hussein, was persuaded that this time the Jordanian monarch meant business and intended to negotiate.

Ben-Aharon returned on Tuesday night from a two-week visit to the U.S., where he met senior State Department and National Security Council officials and conveyed to them the prime minister's stand on the international peace conference.

"I explained why the conference was a non-starter, and that the sooner the idea was removed from the agenda, the quicker we could move towards 'worthwhile, direct Israeli-Arab peace negotiations,'" he says.

He concedes that his American hosts, who included Assistant Deputy Secretary of State Michael Armacost, countered that Shamir's proposals for direct Israeli-Jordanian talks were a non-starter, given Hussein's constant opposition to such talks without an "international umbrella." Shamir's proposal would be fine, said the Americans, "if you had a partner [willing to negotiate with Israel]."

The American officials said that the U.S. had been "non-committal

## IN PERSON BENNY MORRIS

and sceptical [towards the conference idea] from the beginning, but felt that it was the only game in town at the moment, and therefore worth trying. Nobody [in Washington] was very enthusiastic or excited about the idea. I said that it would prove unproductive and was fraught with risks and dangers."

Ben-Aharon argued against allowing "or, rather, inviting" the return of the Soviets to a central role in the Middle East. The Americans, he said, had argued that the conference would be structured so that "the risks and dangers of Soviet involvement would be minimized. Through-out, says Ben-Aharon, "no one lectured me [on the benefits of the international conference]."

Ben-Aharon believes that some American Jewish leaders were embarrassed by Peres's "lobbying" on behalf of the conference in Washington, while he did not have the government's support for this. The American administration, he says, "will play a waiting game, they won't allow themselves to be dragged



into the internal Israeli dispute."

Ben-Aharon says that as long as the conference idea remained an option, nobody in the Arab world would seriously consider Shamir's proposals for direct talks. This could only happen after the interment of the conference idea.

"We recognize that Hussein can't go along and needs a shield. We have to give him a shield. We believe the U.S., a delegation of non-PL, Palestinians and Egypt could constitute such a shield - if these are supported, throughout the negotiating process, by [like-minded] Arab countries such as Morocco and the Gulf states."

Ben-Aharon believes that successive Israeli governments, Labour and Likud, have never invested sufficient thought and energy to building a non-PLO alternate leadership in the territories. "We should have made [the emergence of such a leadership] our business, made it clear to them, that there was no alternative for them except to talk to us [on the basis of the Camp David scheme]."

Ben-Aharon believes it is self-delusion to wait for Syrian participation in an international conference. "They say they'll come, under certain conditions, only because the Russians are pressing them. In fact, they have no serious intention of attending a peace conference or entering into any serious peace negotiations."

## No extra F-15s for Saudi Arabia

By WOLF BLITZER  
Jerusalem Post Correspondent

WASHINGTON. - The Reagan administration yesterday decided to withdraw its earlier proposal to sell 15 additional F-15 jet fighters to Saudi Arabia, U.S. officials disclosed.

They said the proposed sale, during preliminary exchanges with Congress, was proving to be too controversial and disruptive to the administration's overall diplomatic strategy in the Middle East.

They noted that the sale had only

been informally discussed with Congress, and therefore no actual reversal was required. Instead, the administration is simply not going to go ahead with a formal notification to Congress at this time.

Strongly opposing the sale were top political aides to Reagan, who managed to override both the Pentagon and the State Department.

The move was apparently unconnected to the disclosure that Saudi Arabia took no action to prevent Monday's Iraqi attack on the USS Stark. (See Page 3)

## Egypt for peace even if PLO opts out

Jerusalem Post Staff

Osama al-Baz, the Egyptian president's political adviser, was quoted yesterday as saying that Egypt would not allow peace contacts to collapse even if the PLO did not reach agreement with Jordan on a joint delega-

tion to an international parity.

Al-Baz was quoted by *The Christian Science Monitor*. He reportedly also said that if the PLO does not find a way to participate, it will "miss the last car on the last train," to a solution in the region.

In deep sorrow we announce the passing of  
**MICHAEL KAPLAN**  
Deeply mourned by:  
His wife, Katie  
His daughters, Gail Levin,  
Elinoar Matan, Dana Tamir  
His sons-in-law,  
His grandchildren  
His brothers and sisters  
and all the family in Israel  
and abroad  
The funeral will leave from the Sanhedria funeral parlour  
at 1 p.m. today, Thursday, May 21, 1987.

**YAD VASHEM**  
the Holocaust Martyrs' and  
Heroes' Remembrance Authority, Jerusalem  
mourns the passing of  
**ISSAC LEVENSTEIN**  
Chairman, New Jersey Society for Yad Vashem  
Cofounder, American Society for Yad Vashem  
and extends condolences to the family.

**TEL AVIV UNIVERSITY**

INAUGURATING A CHAIR IN THEORETICAL PHYSICS

Lecture:  
**Prof. Yakir Aharonov**  
Chairman, Department of High Energy Physics  
and Incumbent of the Chair.

The Interpretation of Modern Physics  
on Sunday, May 24, 1987, at 1:00 p.m.  
The Fortunes of Botton Student Centre  
Hermon/Gui-Arieh Hall  
Tel Aviv University Campus, Ramat Aviv  
(By invitation only)

**Ben-Gurion University of the Negev**

**17th Annual Board of Governors Meeting**

Congratulations to New Founders of Ben-Gurion University  
on the occasion of the  
**Unveiling of the 1987 Founders' Wall, and Scroll-awarding Ceremony**



## Row in Australia over handling of affair

## Fijian chiefs meet; attacks on Indians

SUVA, Fiji. — Fijian youths rampaged through the capital yesterday, beating ethnic Indians as the Great Council of Chiefs met in an effort to end the crisis triggered by last week's military coup.

The council, made up of 66 traditional leaders from Fiji's 14 provinces, adjourned for the day without deciding how to restore constitutional rule. It was to meet again today.

The chiefs were thought to be considering an amendment to the constitution to ensure the ethnic Fijians' political dominance over the more numerous ethnic Indians.

Such an amendment was among the goals of Lt. Col. Sitiveni Rabuka, who stormed parliament last Thursday and arrested Prime Minister Timoci Bavadra and his Indian-dominated cabinet.

Fijians close to the chiefs said after the meeting there seemed to be considerable support among them for Rabuka.

About 200 Fijians punched and kicked ethnic Indians assembled for a prayer meeting in a park in front of the building where the chiefs were meeting. Witnesses said at least 50 people were hurt before the mob took to the streets, smashing car and store windows.

In Dublin, Australian Foreign Minister Bill Hayden said that Au-

stralia's closure of the Libyan People's bureau in Canberra was based more on domestic concerns than Libyan activities in the South Pacific.

"We monitored very closely the activities of that body with our security services, and the point was reached, as a result of certain things happening, where it was considered we'd be better off without that representation in Australia," he said in an interview on Irish radio.

Hayden's remarks followed accusations in Sydney by the opposition that the Australian government was ordering the closure of the Bureau to deflect attention from its handling of the crisis in Fiji.

The opposition said Prime Minister Bob Hawke had displayed impotence in the face of the military takeover.

Hayden, on a two-day official visit to Ireland, accused Libya of activities "inimical to the stability" of the South Pacific, including training islanders in paramilitary activities and crowd manipulation. The bureau's closure, however, was "related more to certain domestic concerns," he said.

Australia had taken adequate steps to evacuate its citizens from Fiji if the situation deteriorated to the point where Australian nationals were in danger, he said.

## Japanese spy suspects 'sold U.S. secrets to Communists for years'

TOKYO (AP). — Four Japanese men passed on U.S. military documents to Soviet and Chinese buyers for several years, police charged yesterday. U.S. military officials were investigating the extent of the security damage.

The four suspects include a current and a former employee of U.S. military facilities.

The men were arrested Tuesday after one allegedly attempted to give U.S. military documents to a Soviet diplomat in a Tokyo park.

Police said they seized technical documents describing U.S. military aircraft and equipment that pointed to a long-time operation that included transactions in a cemetery and orders issued by short-wave from the Soviet Union.

They said the four received more than \$714,000 for the documents.

U.S. military officials, who initially alerted Japanese police to the matter, refused to comment on the nature of the documents involved.

Police arrested Hiroshi Date, 62, when he met V.B. Aksekov of the Soviet trade representative's office

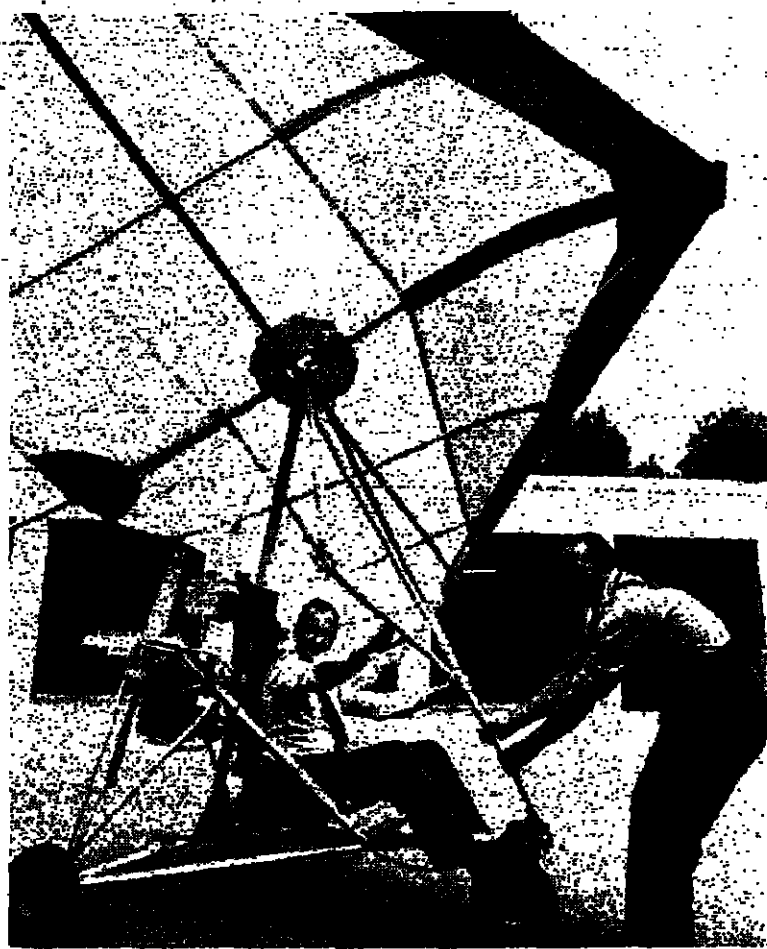
at a park in western Tokyo allegedly to hand over documents, said a police official. Date was described as a counsellor at the private China Technical Centre in Tokyo.

Aksekov, who police said claimed diplomatic immunity, left Japan yesterday aboard an Aeroflot Airlines flight to the Soviet Union.

On Tuesday night, police arrested Hiroshi Osumi, 65, an employee at the Yokota air base in western Tokyo, on suspicion of stealing documents on the repair and maintenance of U.S. transport planes.

Also arrested were Masateru Tachibana, 59, a writer on military affairs and a former employee at another U.S. air base, and Sadao Gotoh, 60, president of Sanku Ltd., a trading company doing business with China, police said. Tachibana admitted yesterday under questioning that he participated in espionage.

Soviet KGB agent Stanislav Levchenko, who defected in 1979, called Japan "a paradise for spies," and said 50 to 60 Soviet agents were operating in Japan, particularly in areas of high technology.



Police of Roding, Bavaria, pose with the do-it-yourself flying machine that carried a 39-year-old Czech over to West Germany on Monday. (AFP telephoto)

## Poll mania in Britain

By DAVID HOROVITZ  
Jerusalem Post Correspondent  
LONDON. — Opinion poll mania has hit the 1987 election campaign here.

Although the campaign is officially only two days old, with a full three weeks to go until polling day on June 11, opinion polls are appearing at the number rate of three or four a day, in the newspapers, on the radio and on television.

Predictably, this has caused some-thing of a backlash against the polling companies themselves, with Labour and Alliance spokesmen arguing that numerous voters are deciding their allegiances on the basis of the polls.

Averaging out the most recent polls, the Conservatives seem safely ahead with 42 per cent to Labour's 32 and the Alliance's 24. But according to surveys conducted in marginal constituencies, the Tory position is less bright, with two polls in recent days suggesting that Prime Minister Margaret Thatcher's House of Commons majority may be cut to 40 seats or less.

An article by Jacob Shamir, published in *Public Opinion Quarterly* last Spring, found that pre-election polls in Israel in 1981 and 1984 were often rendered inaccurate by the bias of the pollsters themselves. Pollsters working for political parties

projected results more favourable to their sponsors or less favourable to their sponsors' opponents, he said, with a greater inaccuracy where pollster and sponsor were particularly closely linked.

In Britain, the main polling companies stress that they act entirely independently of the political parties, with leading pollsters Gallup even retaining the right to write up



their findings themselves in the *Daily Telegraph*, to ensure that a balanced picture is presented.

But most poll findings are written up by newspapers' political correspondents, and little if any note is taken of the 4 per cent — plus or minus — sampling error that is unavoidable when only a couple of thousand voters are surveyed.

Thus, while Gallup stressed yesterday that the polls were unlikely to be mistaken in putting the Conservatives ahead, they did admit that the lead might be as slight as 2 per cent, rather than the widely publicized 10 per cent projection.

## Polar bears kill, partially eat boy

NEW YORK (AP). — Two polar bears killed and partially ate an 11-year-old boy who went with two playmates to their lair for a swim, authorities said yesterday.

Police shot and killed the animals as they fought over the remains in Brooklyn's Prospect Park zoo. Juan Perez and two other 11-year-

olds had decided to take an after-hour dip in the moat inside the fence, a police spokesman said. They took off their clothes, but the two lost their nerve. Perez then threw everyone's clothes into the cage, and he and a playmate squeezed through the fence to fetch them. At about that point the bears woke up.

## Iraqi pilots reported arrested

## Ship captain: No time to react

MANAMA, Bahrain (AP). — The captain of the USS Stark said yesterday he did not know a missile was heading for his warship until a look-out spotted it only seconds before it rammed into the vessel, killing 37 seamen.

Captain Glenn Brindel said the ship lost its tracking ability for about 30 seconds after the missile hit. Then a second missile struck as the crew was trying to shift the defensive system from manual to automatic.

In his first public comment about the Iraqi attack Sunday, Brindel also said he is convinced the attack was a mistake. Brindel said his crew earlier had spotted the Iraqi warplane on radar, but not the missiles, at least one of which was a French-made Exocet.

"The aircraft launched the missiles, I believe, at a significantly close range, where only a matter of seconds were able to be given for

defensive measures to be put into effect," he said.

"And we did not detect the separation on the radar of the missile from the aircraft, which would be one means of detecting hostile intent..." he said.

In Washington, the Reagan administration notice that U.S. warships would stay in the Gulf to protect Kuwaiti tankers despite the missile attack.

President Ronald Reagan told the U.S. navy in the Gulf to shoot in self-defence. But Reagan refrained from criticising Iraq when he talked about the attack during a trip to Chattanooga, Tennessee, Tuesday, saying Iraqi planes had long been considered non-hostile. Reagan called Iran the villain in the war and said it was delighted about what had happened.

A State Department spokeswoman said plans were going ahead

to put 11 Kuwaiti tankers under the American flag to protect them in the Gulf.

In Kuwait, however, a newspaper launched a fierce attack on President Reagan's policies yesterday in the first response in the Gulf emirate to Sunday's air strike.

Kuwait has not commented officially on the attack. But an editorial in *Al-Anba*, a moderate daily, usually friendly to the west, said the U.S. had supplied arms to Iran.

Addressing Reagan, it said: "You have contributed to this (Iran-Iraq) war directly and indirectly, in fomenting, escalating and continuing the conflict."

In Beirut, the *Ash-Sharq* newspaper, close to Iraq's rival Syria, reported yesterday that two Iraqi Air Force pilots have been arrested and were being interrogated after the missile attack.

## Boos and whistles for Golden Palm winner

CANNES (Reuters). — French director Maurice Pialat's selection for the coveted "Golden Palm" at the Cannes international film festival provided a controversial finale to a star-studded 40th anniversary extravaganza.

Pialat, chosen for *Sous le Soleil de Satan* (Under the Sun of Satan), an adaptation of French Roman Catholic writer Georges Bernanos's novel about a priest tempted by the devil, was booed and whistled at derisively Tuesday night when French actress

Catherine Deneuve announced he had won the top prize.

The director, known for his sharp tongue, told the audience: "I am not

PARIS (Reuters). — Police Tuesday arrested a married couple who abandoned their eight children aged 10 months to 12 years to attend the Cannes film festival.

Four of the children were left at home in northern France and four were left by the roadside in southern France and roamed country lanes for three days, police said.

going to fail my reputation. I'm happy for the whistles. If you don't like me, I can tell you that I don't like you either." He defiantly punched the air three times and left.

One commentator said on French television later that foreign directors would no longer take Cannes seriously after the Pialat selection.

But French actor-singer Yves Montand, who headed the nine-member jury said Pialat was a unanimous choice. (See related article page 4).

## Waldheim's explanations were 'too late'

By ILONA HENRY  
Jerusalem Post Correspondent

VIENNA. — The general reaction here to Austrian President Kurt Waldheim's televised address on Tuesday on his alleged involvement in Nazi war crimes was that the explanations came too late.

Waldheim had repeated that he was innocent of the accusations made against him, and spoke of the inability of his generation "to make a free choice."

Most commentators expressed the view that the harm Waldheim had caused to his country's reputation, image and self-esteem could not be repaired by TV speeches.

Only Michael Graff, secretary-general of the Austrian People's Party viewed the president's declarations with approval. Joerg Haider, leader of the right-centre Freedom Party, expressed disappointment. "I still feel he should file a libel suit in the U.S.," Haider said.

Paul Grosz, president of the Jewish community, said: "There are speeches and there are deeds. The latter we haven't seen yet. Do not forget that these words came from a year of constant defamation of Jews and their intentions... and under repeated pressure."

## FOREIGN BRIEFS

## Black executed in U.S. for murder of white

PARCHMAN, Miss. (Reuters). — A black man was executed yesterday for the murder of a white man, the first such case since the U.S. Supreme Court rejected a race-bias challenge to the death penalty last month.

Edward Earl Johnson, convicted of killing Marshal Trest in June, 1979, died in the gas chamber at the Mississippi State penitentiary soon after midnight. The Supreme Court and Governor Bill Allain rejected 11th-hour appeals to halt the execution.

In a landmark ruling last month, the High Court upheld a death sentence imposed on a black man for killing a white man in Georgia.

## William Webster confirmed as new CIA chief

WASHINGTON (AP). — The Senate on Tuesday overwhelmingly confirmed FBI director William Webster to become the 14th head of the Central Intelligence Agency, succeeding the late William Casey.

Webster, who in his nearly 10 years as FBI director has built a close working relationship with members of Congress, won confirmation by a vote of 94 to 1.

## 55 reported dead in Hindu-Moslem violence

MEERUT, India (AFP). — Two army battalions patrolled curfew bound streets here yesterday after 48 people died in an "orgy" of Hindu-Moslem violence that also left seven dead in two other Indian cities, correspondents said.

Reporters in this tense north India town where the majority of residents are Hindus said that 48 bodies had been taken to two local mortuaries. Police would not confirm the figure officially.

## Death toll tops 200 in China's forest blaze

BEIJING (AP). — The death toll from China's worst forest fire has exceeded 200, a state-run daily newspaper said yesterday.

The *China Daily*, quoting officials from the town of Tahe in the far northeast, also reported that two main sections of the fire had joined, a setback for the 35,000 soldiers and civilians fighting the 2-week-old blaze.

## Arafat: PLO unity will help peace efforts

ROME (AP). — PLO leader Yasser Arafat says No. 1 terrorist suspect Abu Nidal will not be admitted to his group, and that the PLO is "investigating" another Palestinian charged with masterminding the Achille Lauro hijack.

Arafat, in an Italian television interview broadcast on Tuesday night and a separate interview with *Epoca* magazine, also contended the recent unifying of PLO factions would help, not hinder, efforts to stage an international conference on Mideast peace, because "the unity of the PLO will help the unity of Arab nations."

Asked about Mohammed Abbas, condemned to life in prison by an Italian court for his role in the 1985 Achille Lauro hijacking, Arafat said last month's decision to reintegrate Abbas into the PLO command was "temporary."

## Libya building nuclear missiles with European help

HAMBURG (AP). — Libyan leader Col. Muammar Gaddafi has obtained the help of West German, Swiss and Polish experts to build missiles capable of carrying nuclear or conventional warheads, a West German magazine said yesterday.

The weekly *Stern* said the rockets, with a range of 300km, would be able to reach Cairo, Tunis and Sicily.

*Stern* said the rockets were built with "computerized production equipment purchased from companies in Switzerland and West Germany, and capable of producing 30 rockets a month."

The magazine based the report on information it said it obtained from a West German "who had worked as the former project manager of Gaddafi's secret rocket centre in the desert."

## Kuwait plans action to keep Aids at bay

KUWAIT (Reuters). — Kuwait has detected six cases of Aids and is studying a programme of checks, education and penalties to keep the killer silent at bay. Health Minister Abdel-Rahman Al-Awadi said in an interview published yesterday.

*Al-Anba* newspaper quoted him as saying the government was studying a bill to penalise anyone who had sex with their spouses while aware that they carried Aids (Acquired Immune Deficiency Syndrome). It was also studying proposals to carry out checks on anyone travelling abroad more than 10 times a year, he said in Geneva where he attended a recent World Health Organization meeting.

TEL AVIV UNIVERSITY



INAUGURATION OF  
THE MARCOS AND CELIA MAUS  
MICROCOMPUTER LABORATORY

Lecture:

Prof. Amiram Yehudai

Chairman of the Computer Science Department  
The Importance of Computer Science  
to Modern Society

on Tuesday, May 26, 1987, at 4:30 p.m.  
Wladimir Schreiber Institute of Mathematical  
Sciences Building, Ramat Gan Auditorium,  
Tel Aviv University Campus, Ramat Aviv

Entrance through Austria Gate (1) and Matatia Gate (2)

— The public is invited —



# ABIC

# CONGRATULATES

# ABIC



The management of Abic Chemical and Pharmaceutical Industries Ltd. is proud of the company's nomination as an "Outstanding Exporter." We congratulate our employees who, by their individual and team efforts, have created a great upsurge in our exports of pharmaceuticals and chemicals to Europe and the USA.





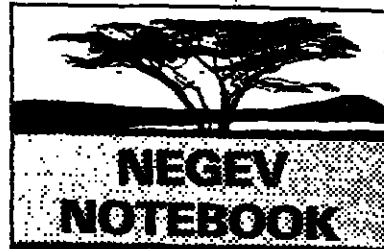




Robert Arnow.

(Beni Glaser)

## Cash and accountability



Bradley Burston

FOR THE AVERAGE real estate executive, few expressions are more off-putting than "sight unseen." Robert Arnow, however, is not the average real estate executive. In fact, the president of one of America's largest property-management companies might not have entered the field at all had he not been attracted to unknown quantities.

"I grew up in a suburb of Boston," recalls Arnow, now in Beersheva to chair the annual meeting of Ben-Gurion University's board of governors, "and we lived in what was really a very small world. My father owned a drug store. I worked there, and the natural consequence was to go to the College of Pharmacy and become a pharmacist."

"Then I met my wife, who was going to a school nearby, and her father and my uncle, who was living on the West Coast at the time, happened to be partners in real estate."

When his father-in-law asked if he'd like to try his hand at the real estate business, Arnow's decision-making process, then as now, was nothing if not pragmatic.

"The hours of the drug store were from eight in the morning to midnight, and we only closed on Yom Kippur, so when he said that in the real estate business you didn't work nights, holidays or weekends, I said 'Yes, by all means.'"

THE ELEMENT of shrewd if somewhat innocent intuition that launched Arnow's career may have also had something to do with his later involvement with Israel, and especially his initial support, sight unseen, of Ben-Gurion University.

"When I first came to Israel back in 1961, I wasn't a Zionist, but when I got here, I loved everybody. I trusted everybody. I remember walking down the street with my wife, and a woman approached me, and at the time I couldn't believe there could be such a thing as a Jewish prostitute. Maybe I was a bit naive, but that was my attitude. I believed that everybody who was in Israel was the most perfect human being."

Arnow's assessment of Israelis has become considerably more realistic over the years, as a major re-evaluation programme undertaken by the university's board of governors will attest.

"I think the university is now taking a hard look at itself, the most serious look in its 17 years of existence," says Arnow, who was appointed chairman of the board of governors at what was, for the institution, a time of particular trial. He allows that five years ago, when he was asked to become president of the university's American associates, he knew virtually nothing about the institution. Although his acquaintance and involvement with Israel were by then profound, the sum of his bond with the university consisted of one sizeable scholarship donation and the memory of a 1966 visit to a nascent desert research institute in a former Beersheba hotel.

But Arnow learned fast, and despite a panoply of competing interests that ranged from mammoth business deals to membership on the advisory board of New York's Metropolitan Opera, all this in addition to farming cattle on his upstate New York ranch, his performance was such that he was soon named to chair the university's highest governing body.

AT THE TIME, B-GU faced a host of external and internal problems, including a severe budgetary crisis, government aid cutbacks, internal financial irregularities, and the resignation of the president, Shlomo Gazit, after a protracted period of friction in administrative circles.

The university's growth curve, which had maintained an astonishing level in the '70s seemed to be leveling off at an alarming rate, and it was proving increasingly difficult to attract promising new staff members and retain existing ones.

Now, though B-GU is showing signs of stability and renewed momentum, Arnow sees the evalua-

tion programme initiated prior to the recent crises, as crucial to the university's future.

He quotes UCLA Prof. John Beck, who helped to found B-GU's medical school and is one of the evaluation project's coordinators, as believing that the Beersheba school is still young enough to make changes where changes are warranted.

The ambitious evaluation, which involves academic experts from all over the world, is intended as a monitor of university procedures and performance. In its initial stages, Arnow recalls, "I remember hearing from Dr. Beck the word 'accountability,' but at the time I don't think it meant anything to me." Observing a critical evaluation, however, Arnow may have learned as much about accountability as he has about B-GU.

"You're spending a lot of money on courses, on the facilities and departments, and you have to determine if they are fulfilling their responsibilities. You have to determine if there are weaknesses, if there are excesses. You can't just let things go on and on and on."

Arnow has come to see the concept of accountability as having broader implications for the relationship of Israel and Diaspora Jewish communities. "What kind of relationship do we have? Israel knows all the answers and the Diaspora just raises the money?"

AS HIS involvement with the university has grown, so has his estimation of the role it plays in the Negev. "I've come to understand that this is not just a university. The other universities are important, they do a wonderful job; but they don't affect the community they're in. Jerusalem would still be Jerusalem without the Hebrew University, but I don't think the Negev would be the same without Ben-Gurion University."

But while government officials may agree with his assessment, their actions have done little to match their words.

"They have priorities, and if they want to support West Bank development, they do it. But they are causing a vast area to decline instead of grow. Industry is not coming here, and some of the population is leaving."

Arnow notes that because of government cutbacks, the \$2.5m. B-GU raises annually abroad cannot be used for expansion, or even to complete existing campus facilities; it is needed to cover day-to-day operating expenses.

"That \$2.5 million a year should be going into raising standards, equipment, material, all the things that would really raise the level of this university. The fact that we're balancing our budget is great from a financial viewpoint, but we're living on a very thin line, and you really can't run a university that way. You can't attract students and professors, and staff go abroad and don't come back."

In Arnow's view, the university's operating budget is the responsibility of the government.

WHEN FRIENDS in the real estate business ask Arnow about the university on which he spends so much time and energy, he says: "I tell them I'm in the biggest real estate development in the world. The size of Israel is equivalent to the size of New Jersey, and the Negev is 60 per cent of Israel. I say to them, 'Can you imagine a development deal half the size of New Jersey?'"

"In fact, this is the role the university plays here. This institution represents the heartbeat of the Negev." One thing the Negev has going for it, smiles Arnow, "is that this is the only area the Arabs don't seem to want to go into. No one's fighting to take it away from us. And it's truly the last area of the pioneering spirit left in Israel."

"If only this region were allowed to develop, this could be a very exciting, vital place. But I think that as a consequence of government cutbacks and lack of vision, something is being harmed that will take a lot of time to repair and replace."

Asked if he has business interests in Israel, Arnow tells of a four-dunam orange grove he bought on his 1961 visit and has kept ever since. And, he adds, he is currently negotiating to buy commercial property here.

In Beersheba? "No," he grins, "in the centre."

With a rueful realism, he notes, "I'm afraid Beersheba just isn't going anywhere lately. You know, in the real estate business there's a common axiom that the value of a property depends on three things: Location, location, and location."

## BASEBALL

## Giants win with mirrors

NEW YORK (AP). — The San Francisco Giants are doing it with mirrors and manager Roger Craig thinks they look mighty good atop the National League West.

"We haven't played well, but the amazing thing is we're still in first place," Craig said after the Giants beat the Montreal Expos 6-2 on Tuesday night for only their second victory in the last eight games.

But Cincinnati's 9-2 loss to Chicago not only allowed the Giants to move a half-game ahead of the Reds but also gave the Cubs a one-game lead in the NL East over St. Louis, which lost to Atlanta 6-5.

In other National League games, Pittsburgh beat Houston 5-2 and New York edged San

Diego 5-4. The Los Angeles-Philadelphia game was rained out.

## AMERICAN LEAGUE

The Brewers, who started the season by tying the major-league record of 13 consecutive victories, lost their 12th straight Tuesday night, 5-1 to the Chicago White Sox.

"You have to ask, are the 13 previous games so emotionally draining that the well's dry?" asked Chicago's Carlton Fisk, who hit a two-run homer. "There's no legitimate reason for losing 12 in a row."

In other AL games, Kansas City beat Boston 4-1, Baltimore trounced Seattle 15-4, Cleveland rolled past Minnesota 4-3, Texas beat Oakland 18-4, California edged Toronto 2-1 and Oakland downed New York 4-2.

## NBA PLAYOFFS

NEW YORK (AP). — The Boston Celtics and Los Angeles Lakers could be heading toward their third meeting in four years for the NBA championship.

The Celtics, who beat Los Angeles in 1984 and lost to the Lakers in 1985, defeated the Detroit Pistons 104-91 in the opener of the Eastern Conference with a 112-104 decision.

Robert Parish scored 15 of his 31 points in the decisive third quarter and Larry Bird had 18 points, 16 rebounds and 11 assists despite a dismal 7-for-23 shooting performance.

Pistons superstar Isiah Thomas also had a miserable shooting night, but in a losing cause. He had two points in the first half, when he was 1-for-12 from the field, and finished with 18 points on 6-for-24 shooting.

For the Lakers, James Worthy scored 25 of his 30 points in the first half and Magic Johnson, selected as the NBA's most valuable player on Monday, had 12 of his 20 in the fourth quarter.

## TENNIS

## France upset

DUESSELDORF, West Germany (AP). — Martin Jaitz sparked Argentina to a 2-1 upset victory over defending champion France in the opening match of the \$750,000 Peugeot World Team Cup tennis tournament. Czechoslovakia rolled over Australia 3-0 in the other group match played on Tuesday.

Jaitz, a runner-up at last week's Italian Open, clinched victory for his country by leading France's Henri Leconte 5-7, 7-6 after veteran Guillermo Vilas had downed Thierry Tulasne 7-6, 6-2. In doubles play, Leconte teamed with Guy Forget to defeat Jahn and Vilas 6-4, 6-3.

In the other group, Miloslav Meckic beat Pat Cash 6-4, 7-6 and Miloslav Strejcek defeated Wally Masur 6-3, 7-6 to give Czechoslovakia a decisive 2-0 edge against Australia. Meckic and Masur Smith then defeated Cash and Paul McNamee 6-1, 6-4 to complete the whitewash.

## SOCCER

## Ran sparkles, attack fizzles

Post Sports Staff  
AARAU, Switzerland. — Goalkeeper Avi Ran was at his elastic best again, stopping everything the Swiss national had to give, everything save a 66th-minute header by striker Christophe Bonvin. And, as it turned out, Bonvin's header in his first cap was enough to give Switzerland a narrow 1-0 win in a friendly international here on Tuesday night.

While his counterpart at the other end, Martin Brunner, was hardly shot from Servette's Alain Geiger just before the interval to deny the home side the breakthrough.

Then in the 66th minute veteran Heinz Hermann, making his 75th appearance in the national colours, dribbled through a shaky defence and Bonvin headed his cross into the left hand corner.

Six minutes later Bonvin had the chance to increase his tally, but Ran made another brilliant save diving low to his left.

The absence of Beter Jerusalem's Uri Malmilian clearly showed during the Israeli attack, who barely crossed midfield during the first 45 minutes of play.

Malmilian's replacement, Ronnie Rosenthal, who this season played with Brages of Belgium and was making his first appearance with the national team since transferring to Europe, turned in a disappointing performance and seemed unable to find strikers Eli Ohana and Daniel Brailovsky, who went long stretches without touching the ball. Nor were Avinoam Ovadia and Ephraim David in any better form.

In the second half, coach Miljenko Mihic switched Brailovsky and Rosenthal, a move that resulted in a near goal in the 62nd minute when Ohana was brought down 25 metres from the goal mouth on a hard tackle by Swiss goalie Brunner.

Switzerland, however, who are always tough on their home pitch — winners over Denmark and France, two of the world's soccer powerhouses, in recent years — have only Avi Ran to blame for making this match close.



DEFENCE. — Avi Cohen tackles Marcel Keller. (Reuters telephoto)

## Brazil open with flair

LONDON (Reuters). — Brazil began their European tour with a performance their illustrious predecessors would have enjoyed when they held England to a well deserved 1-1 draw at Wembley on Tuesday night. Brazil will play in Israel June 1.

Playing with all their customary flair and technique, the South Americans recovered from a patchy but exciting first half to take command and go close on several occasions to an eighth victory over England in their 14th meeting.

England, badly missing the creative skills of retired midfielder Glenn Hoddle, went ahead in

the 35th minute through striker Gary Lineker, but held their lead for only a minute — Mirandinha equalising in Brazil's next attack.

For England, beaten only once since losing to Argentina in the World Cup quarter finals last year, it was a frustrating night against an experimental and youthful Brazilian team they were expected to beat with ease.

In Holland, Ajax Amsterdam beat Groningen 3-0 in a Dutch Football Association Cup semifinal replay to secure a place in the June 3 final against Den Haag. Ajax, who won the European Cup Winners' Cup last week, and Den Haag both qualify for the same European tournament next season.

Championship parascenders Marseille and Bordeaux reached the semifinals of the French Cup along with second division outsiders Reims and Ales.

League Leaders Bordeaux lost 2-1 at Lille but

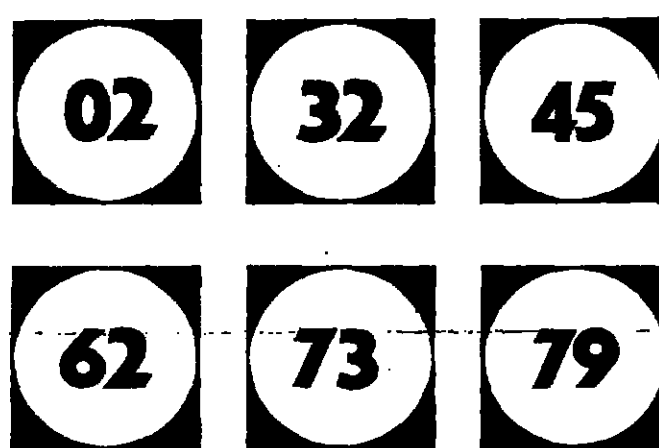
qualified 4-3 on aggregate while Marseille, held 0-0 at home by Lens, squeezed through after winning 1-0 on the first leg. Reims beat First Division Laval on penalties while Ales beat Strassbourg 2-1 overall despite losing 1-0 on Tuesday night.

## SPORTOTO

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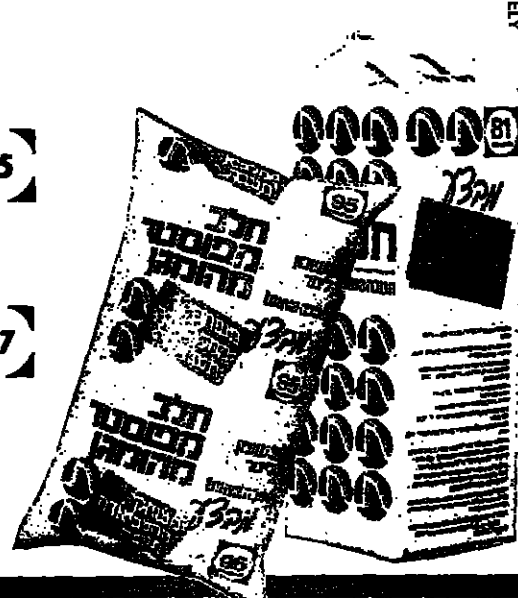
Receive your voucher for participating in the final draw or your on-the-spot prizes by presenting the numbers combination you collected, on the complete packages (empty, of course) at any one of the shops listed at the foot of this advertisement, till May 27, 1987.

If you live in an area where there are no shops distributing prizes or draw vouchers, you can have the prizes sent to your home. Send the milk bags and cartons with the winning numbers to P.O.B. 7130, Tel Aviv 61070, for No. 100, and receive by post the prize or voucher you won. This only applies to those living in areas where there is no shop distributing prizes or draw vouchers.

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★ Rav Mecher - Gilgit Junction, Coast Road ★ Haifa - Tirat Hacarmel, Vulcan Junction ★ Jerusalem - Wholesale Market, Givat Shaul ★ Ashdod - 2 Industrial Zone ★ Ashkelon - by Shikun Darom ★ Beit She'an - Tnuva branch ★ Herzliya - Kibbutz Gilim. ★ Tiberias - by Central Bus Station. ★ Netanya - 13 Zangwill. ★ Acre - Acre-Safad Junction. ★ Afula - Corash, Merhavim road. ★ Petah Tikva - by Central Bus Station. ★ Kiryat Shmona - Tnuva branch. ★ Rishon LeZion - Ramat Eliahu. ★ Rehovot - Brenner Industrial Zone, by Bilu Junction.

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## ★ Hypercol Stores - Sun Thurs 2-7 p.m.; Fri. 9 a.m. - 12 noon.

★ Jerusalem - Givat Shaul Bet. Talpiot 35 Pierre Koenig (opp. Hadar factory). ★ Haifa - Caterpillar - Hahistadrut, com. Halutzei Hata'siya, Haifa Bay. Kiryat Ata Junction. Haifa Bay - Checkpost. ★ Holon - 36 Professor Shor, Industrial Zone. ★ Rishon LeZion - 83 Sd. Lishinsky, Industrial Zone - Ganei Sapir. ★ Petah Tikva - Basel, com. Baltimore opp. Bellinson Hospital. ★ Beersheba - Chorley - Ha'oranim, com. Derech Ben-Gurion. ★ Ramat Gan - Canion - 48 Mivza Kadesh, by Ramat Gan Stadium. ★ Arad Supersol - Yerushalayim, com. Eliezer Ben-Yair.

## Shekem Stores:

★ Ibn Gabirol Shekem - 124 Ibn-Gabirol, Tel-Aviv. ★ Canion Shekem - Abba Hillel, Canion Ayalon, Ramat Gan. ★ Modi'in Shekem - 182 Modi'in Givatayim. ★ Netanya Shekem - 16 Ahad Ha'am Netanya. ★ Jerusalem Shekem - 234 Yafu. Jerusalem. ★ Motzkin Shekem - 84 Sd. Ben-Gurion, Kiryat Motzkin. ★ Afula Shekem - 2 Yerushalayim, Afula. ★ Ashkelon Shekem - New District Centre, Ashkelon. ★ Beersheba Shekem - Ben-Zvi, Beersheba. ★ Haifa Shekem - Migdal Hanevi'im, Haifa.

## Zvulun Co-op Stores

★ Nahariya Supermarket - 22 Sd. Gaaton, Nahariya. ★ Carmiel Supermarket - Rehov Hagalit, Carmiel. ★ Hypertazar - Industrial Zone, Zur Shalom. ★ Kiryat Motzkin Supermarket - 1 Sd. Weizmann, Kiryat Motzkin. ★ Sabina Supermarket - Keren Hayesod, Kiryat Bialik.

## Tzarchan Co-op Stores

★ Yona Supermarket - 1 Yona, Haifa. ★ Netiv Chen Supermarket - 1 Netiv Chen, Neve Shaanan, Haifa. ★ Oren Supermarket - 25 Oren, Romema, Haifa. ★ Kiryat Eliezer Supermarket - Kikar Maierhoff - Kiryat Eliezer, Haifa. ★ Keller Supermarket - 7 Keller, Hacarmel, Haifa. ★ Kiryat Ata Supermarket - 4 Zvulun, Kiryat Ata. ★ North Tivon Supermarket - Yehuda Hanassi, Kiryat Tivon. ★ Nazareth Harod Supermarket - Shechuna Dromit, Nazareth. ★ Kinneret Supermarket - Kinneret Beach, Tiberias. ★ Safad Supermarket - Shechuna Dromit, Safad.

## Jerusalem Co-op Stores

★ Central Supermarket - King George, corner Ben-Yehuda. ★ Beit Hakerem Supermarket - Sd. Herzl, Kikar Danya. ★ East Talpiot - Commercial Centre, Dov Gruner.

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# ELMER WINTER, RECIPIENT OF PRESIDENT'S AWARD

*'I look around the hotel lobby, and see how many people with briefcases are sitting around. So far there aren't enough.'*



Elmer Winter of Milwaukee accepts special export award from President Herzog at Beit Hanassi yesterday, as Minister of Industry and Trade Ariel Sharon looks on. In background is Max Livnat, deputy director-general for foreign trade administration at the Ministry of Industry and Trade.

American Jewish businessman Elmer Winter, 75 yesterday, received the President's Award in recognition of his ten years as chairman of the Committee for Economic Growth of Israel.

The president of Manpower, the world's largest temporary help agency, was getting ready to retire in 1976 when then premier Yitzhak Rabin invited American Jewish community leaders to Jerusalem. Winter at the time was national president of the American Jewish Committee. The community leaders met to discuss responses to the United Nations resolution equating Zionism with racism passed in December 1975.

At the Jerusalem conference, Winter proposed organizing a non-profit organization to help Israeli manufacturers market their products in the U.S. "As always happens when you suggest an idea, people say, 'Okay you do it,'" recalls Winter. So he became chairman of the Committee for the Economic Growth of Israel.

The committee provides, in Winter's words, "a supermarket of services" to Israeli companies wishing to find a place in the U.S. market. Shraya Tzur, the committee's director of Israeli operations, meets with Israeli businessmen and passes their proposals on to the committee in Milwaukee, Wisconsin. The committee then submits the proposal to a number of potential buyers for a critique.

An evaluation is sent back to the potential seller in Israel. If the evaluation is positive, the committee sets up appointments with the potential buyers.

In this way, the committee has helped over 250 Israeli companies enter the U.S. market in the past 10 years.

"I CALL Israel an undiscovered land," says Winter. "It is a country with a vast potential that is as yet undiscovered by American business."

Winter points to the U.S.-Israel Free Trade Agreement as an important tool for the promotion of Israel-U.S. trade.

"The Free Trade Agreement has been something of a disappointment so far," he says. "We've got a much bigger selling job than we originally anticipated."

Winter's organization tries to encourage American businesses to take advantage of the agreement. "We talk to U.S. companies about using the agreement to manufacture in Israel and sell duty-free in Europe. American companies are not sufficiently aware of the possibilities the agreement provides."

The committee's Operation Join-up works to create a buyers' preference for Israeli products in the U.S. Volunteers from Jewish women's organizations distribute guides to shoppers describing Israeli products that are available and encourage people to look for the "Made in Israel" label.

ACCORDING to Winter, Israeli products are competitive in both price and quality with products otherwise available in the U.S. "If the right effort is made to sell, the market is there," he says. Winter finds a greater receptivity to Israeli products today than in the past, although "a lot of the old stereotypes still remain."

"I say to the people I work with, it's a new Israel," Winter declares. "I've met with many Israeli com-

panies and have seen many exciting new products. We need to show American business that Israel is the place for innovation."

Towards this end, the Committee for the Economic Growth of Israel is organizing a conference in Washington, D.C., in October, on the anniversary of the Free Trade Agreement. Winter especially looks forward to the next IsraTech fair, to be held in June 1988 at New York City's Jacob Javits Convention Centre. Winter recalls that he was disappointed at the small number of Americans who attended the last fair, which was in Israel, in 1984, and urged that the next one be held in New York. His advice was accepted.

WINTER IS unconcerned about recent efforts in the U.S. to erect trade barriers. Moves towards protectionism, he points out, are aimed at the countries of the Far East, with which the U.S. has large trade deficits. Israel is not a target, and the Free Trade Agreement is not under attack.

Most of the American businessmen with whom Winter deals are not Jewish, he says. "We still haven't done a full job in the Jewish community. We find a mindset that says, 'I gave to UJA, I bought Israel Bonds, I did my share.'"

"We say to American Jewish businessmen: the UJA is important, and Israel Bonds are important, but in the long term, Israel has to stand on its own two feet economically."

Winter has his own intuitive way of measuring how U.S.-Israel trade is going. "I look around the lobby of the Hilton Hotel," he says, "and see how many people with briefcases are sitting around. So far, there aren't enough."

"We want to help make the Israeli export cash registers ring," says the chairman of the Committee for the Economic Growth of Israel.

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## Outstanding Exporters - 1986

- Nilit Ltd. (textiles)
- Tadmor Ltd. (leather apparel)
- Tobias Jewellery Ltd. (jewelry)
- Ganir, Gat-Bet Nir Partnership (food products)
- Abic Ltd. (pharmaceuticals)
- Haogenplast Ltd. (plastics)
- Shalon Chemical Industries Ltd. (chemicals)
- Visonic Ltd. (electronics)
- Rad Computer Communications Ltd. (programme systems)
- Urdan Industries Ltd. (metal products)
- Aurec Information and Directory Systems Ltd. (programme systems)
- G.G. Israel Jerusalem Studios Ltd. (films)
- Lev Levayov (diamonds)
- Elbit Computers Ltd. (Export Prize - 1986)
- Gan Shmuel Canning Factory (special mention - 1986)

## Export prize recipient wants government out of industry

"I AM CONVINCED that the only way to save the economy is by strengthening and expanding its industrial base. Moreover, I think local and foreign investors should buy out government-owned companies - and that the government should just stay out of industry."

Those fighting words are from an out-and-out capitalist, - Emmanuel Gill, president of Elbit Computers, a winner of the 1986 Outstanding Exporter award. What he says should be taken seriously: His company's revenues totalled \$171m in 1986, \$105m of which went to export - 61 per cent, up from 35 per cent in 1981.

China-born Gill, who arrived here as a child in 1949, has nothing, of course, against governments buying Elbit's products. He just wants to keep its bureaucracy out of production.

Elbit's export achievements are particularly impressive, in light of the fact that much of their export is weapons systems and that governments tend to prefer defence purchases from local producers. So how does Elbit manage to buck that trend, especially since its major exports are to the ultra-sophisticated American market?

"We establish partnerships with local companies," Gill says, in the U.S., Europe and elsewhere. "In the U.S. we are trying to set up joint ventures," Gill explains, "with companies that like our products, technologies and ideas. They market Elbit products under their own name, but we make sure we get our share of the resulting income."

"We acquire a U.S.-based subsidiary - Infrastratics, bought out by the other shareholders and now Elbit owns it outright," Gill says. "Furthermore, we recently established a joint venture with the American



Emmanuel Gill of Elbit

company, Loral, to develop, produce and market advanced military electronic systems."

Elbit and Loral, Gill explains, are each investing half of the required funds and will split the income. They expect to be allocating \$10m. each over the next few years. Elbit, unlike some other local firms, anticipated the current defence cuts and planned their American ventures for the "lean times," as Gill puts it.

They've succeeded, too, Gill says. "Seventy per cent of our \$277m. order backlog is from foreign markets." Elbit could not have dreamed of its massive foreign sales

had it not been intensely involved in developing high-tech weapons systems for the IDF such as "smart" bombs, which hit their targets with deadly accuracy and improvements and innovations in existing weapons systems.

Just how much of the IDF's equipment is supplied by Elbit?

"Every IDF aircraft, naval vessel and army tank has at least one system developed and produced by Elbit," Gill asserts. "Three of the Kfir fighter plane's systems and four of the Lavi's are our developments."

The systems developed for those Israeli planes did not develop in a vacuum, either. "We had experience in improving the performance of the Skyhawk and the Phantom fighter jets, even before Israel started producing its own fighter planes."

Conjuring up something out of Star Wars is an Elbit project featuring a helmet-mounted sight system. Listening to Gill describe it makes Golan and Globus's science-fiction movies pale by comparison.

"Simply by looking at an enemy target, either in the air or on the ground the pilot neutralizes it," Gill explains. "All the pilot has to do to detect the enemy system is to look in that direction."

Does it actually work? Yes sir. "IAF tests with pilots wearing the angle-of-view increasing sight-system have even exceeded our expectations."

Gill is particularly proud of his work-force. "It's our main asset," he says. "I can say with confidence that Elbit has put together one of the best teams in the world. We have a very high employee output," the Elbit president says. "That is why we succeed so well on the world market."

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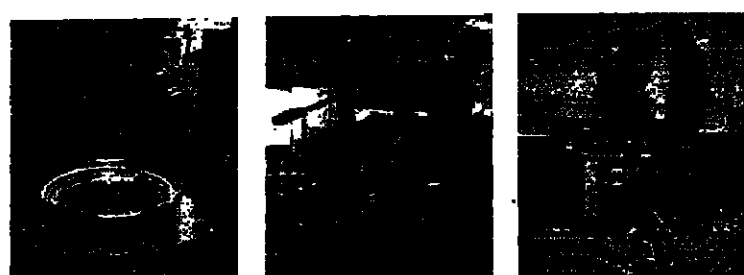
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## WINNERS OF AWARD

**TOBIAS JEWELRY Ltd.**, established by Edmund and Dina Tobias 35 years ago, has been an approved exporter since 1972, when its export earnings reached \$110,000. Since then there has been no looking back. The following year Tobias exported \$213,000 worth of jewelry and last year a whopping \$5.5m.

Tobias's Ramat Gan plant, which employs 90 workers, specializes mainly in gold and silver necklaces, rings, bracelets and earrings. Part of their line is adorned with diamonds and other precious stones.

Tobias Jewelry says it prides itself on quality control and meticulous maintenance of production schedules so that foreign importers can depend on receiving their orders when promised.

Tobias say they not only design their lines according to current fashions, but often dictate them.

The firm, which exhibits at the New York, Frankfurt, Birmingham and Basel annual exhibitions, is projecting an increase in export sales to \$8m. in 1987.

**HAOGENPLAST Ltd.**, the plastics products company of Kibbutz Haogen, started up in 1941 as a tire repair shop and today has one of the largest plants in the Middle East producing PVC sheeting and coated fabrics.

The kibbutz firm's five departments - calendaring, printing, laminating, coating and embossing - produces a wide range of products. A partial list of its products includes drum liners and shower curtains, inflatables and swimming pool liners, greenhouses and factory doors. Haogenplast also produces pipe wrap and hospital sheeting, agricultural clothes and brattice cloth for mines, tarpaulines, vinyl flooring and wallcovering.

The company, which exported more than \$5m. worth of goods (about 30 per cent of its output) in 1986, sells mainly in West European markets.

**URDAN Industries Ltd.**, a subsidiary of Clal Ltd., exported \$30.6m. worth of its products in 1986, approximately half of its total sales.

Beginning in 1949 as a foundry producing pipe fittings, Urdan now employs 1,400 workers in six production plants. Its Hatzor plant produces automotive and agricultural machinery spare parts and castings, and Urdan RKM produces weapons systems and heavy combat vehicles.

M.T.H., of the Urdan group produces suspension parts and Urdan's Rom Carmel plant, which formerly produced the popular fiberglass cars, is now among its other functions, a metal machining and fabricating plant.

Urdan's other heavy-industry subsidiaries are Associated Steel Foundries and its Kupfer Division, which produces hydraulic flexible brake hose assemblies and assemblies for pressure systems.

**G.G. ISRAEL Studios Jerusalem Ltd.**, part of Menahem Golan and Yoram Globus's cinema empire, is being honoured for the local infrastructure it is providing for the American movie industry to produce movies here.

Golan and Globus, Hollywood's current "whiz kids," produce movies through their Cannon company faster than the public can see them (10 feature films in nine months, in 1986).

They are now constructing seven huge studios on a 55 acre tract of land west of Jerusalem, three of them for television - purported to be the most sophisticated anywhere - to service world-wide productions.

**KIBBUTZ Gan Shmuel's** canning factory exports 95 per cent - \$19m. - of its produce. Situated in the heart of the citrus-growing region, 85 per cent of its juices, concentrates and fruit flakes are citrus products and the rest tomato products. Some of the various methods Gan Shmuel Canning uses to prepare its products are: freezing, hot-pack, ultrafiltration and drum-drying.

Each of the plant's workers, according to the company, "achieves an annual output" of \$160,000 - a "world record." The company's growth has been a steady 10 per cent annually for a number of years.

THE STRENGTHENING of the European currencies and the Japanese yen, concurrent with the drastic weakening of the U.S. dollar, have had a marked influence on Israel's economic activity - so much so that policy makers are wondering whether to decrease exports to the dollar area and concentrate on the more lucrative European market.

The state of European currencies meant that, in 1986, Israel was able to compete profitably with European consumer goods, such as clothing and textiles. Earnings from exports to the dollar area, on the other hand, in metals, raw materials, semi-finished products and commodities have been hurt.

The effect of the international currency fluctuations are documented in a recent Bank of Israel study, disclosing that Israeli companies exporting to the two currency areas show either sharp rises if the earnings are in European currencies or sharp declines if they are in U.S. dollars.

Past experience shows a connection between the volume of Israel's exports, the economic activity of the developed nations and world trade fluctuations. There was a 3.5 per cent increase in world trade in 1986 over the previous year but the output of the industrialized economies declined (from a 3.3 per cent increase in 1985 to 1.4 per cent in 1986) as well as a quantitative decline (from a 5.5 per cent increase in 1985 and 3 per cent in 1986) in the products traded in 1986 over the previous year.

The influence of world-trade trends has hardly been felt on the local market. Decline in local defence purchases has induced suppliers to seek markets abroad. But their efforts have been hampered by the difficulties involved in adapting to export requirements and by the declining profitability of dollar sales.

There is also the fear that the local defence industry's export capacity will be hurt in the long run by defence purchases made in the U.S. paid for with American aid, and apprehensions that local goods will not withstand the IDF's stringent requirements.

ISRAEL'S net exports grew by 13.6 per cent last year, reaching \$6.9b. The quantitative growth was 10 per cent, a relatively small increase.

Agricultural exports for 1986 reached \$560m., a 19.6 per cent increase over 1985 (11 per cent in quantitative terms). Citrus exports held their own, despite rising costs, while flowers, vegetables and fruit exports increased, even though their cost was higher. The main factor preventing an even greater increase in agricultural exports was the drought-induced lack of agricultural products in 1986.



## Shifting emphasis

By MAX LIVNAT

Industrial exports reached \$6.3b., an increase of 13.6 per cent. The diamond industry's share in the rise accounted for more than 50 per cent, with a 32 per cent rise over the previous year in the export of polished diamonds, to \$1.665b. Non-diamond exports in 1986 increased by \$500m. over 1985 - a nominal rise of 7.9 per cent.

Food-product exports declined by 13 per cent, mainly because of citrus-product competition from Brazil in European markets. The citrus product industry's exports were also affected by local conditions: the drought-induced paucity of raw agricultural products and the relative profitability of the local market, where there was a great increase in demand.

Israel's meat-product exports are expected to increase in the future because of concerted efforts by local manufacturers and more favourable conditions in the American market - the result of the free-trade area agreement with the U.S.

There was a 23 per cent increase in textile, leather goods and clothing exports to the U.S., which reached the 1980 high (about \$470m.) and a 21 per cent increase in the export of these goods to the EEC. The manufacturers of these goods have learned that it is worthwhile to develop various markets, despite current profit levels, for the long-term benefit involved.

Wood products, paper and plastic exports to Europe have increased

because of their relative profitability and the export of minerals and chemicals has continued to increase despite the relatively low profits caused by the world market surplus. If petrochemical products are excluded, chemical product exports have increased by 6 per cent.

The metals industry's exports increased by 13.4 per cent to \$2.190b. In a number of metallurgical subsidiaries, export increase was hampered by the frozen dollar rate.

EUROPEAN and American markets account for two thirds of Israel's exports. Last year the total increase in European imports of Israeli products was 11.6 per cent while the

American market increase was 10 per cent.

The agreement with the EEC has, in effect, allowed Israel to become part of that market with no restrictions placed on Israeli imports. The recent agreements with Spain and Portugal have posed competition problems for Israeli producers but they have also opened new possibilities.

Israeli representatives are, in fact, working on trade agreements with their Spanish and Portuguese counterparts and in the coming year, special efforts will be made to penetrate the large Spanish market.

The original 1975 agreement with the EEC was revised last year and

many Israeli products can now be imported to EEC countries without duty.

Textiles and fashions also showed gains of 27 per cent - despite the tendency of producers to concentrate more on European outlets. Here, the advantages accruing to local manufacturers from the free-trade area agreement with the U.S. are obvious: The relatively low profitability was compensated for by lowered tariffs. The manufacturers showed maturity. Had they been interested more in "quickie" gains they might have exported less to the U.S. and more to Europe. But they saw their investment in long-run terms.

Metals and electronics component exports showed a slight improvement of 7 per cent - a \$70m. increase, but the upsurge in the U.S. electronics industry augurs well for future Israeli exports. Moreover, because of trade agreements, customs duties on Israeli-imported components will be reduced.

The continued friction between the U.S. and Japan and restrictions on Far Eastern imports will also be to Israel's advantage in efforts to increase its share of the American market.

The free-trade agreement with the U.S., now entering its second year, allows for duty-free imports of electronics components, basic metal products, solar collectors, a variety of chemicals, linens, rugs, leather apparel, swimsuits and other products included in the duty-free list pertaining to imports from developing countries. Other products, not included in this list, benefit from a reduction of 30-40 per cent.

The agreement with the U.S. was quid pro quo, and places Israeli manufacturers in a competition with American goods on the local market. But like the U.S. agreement with the EEC, it takes into account local conditions where American imports might be problematic for local manufacturers.

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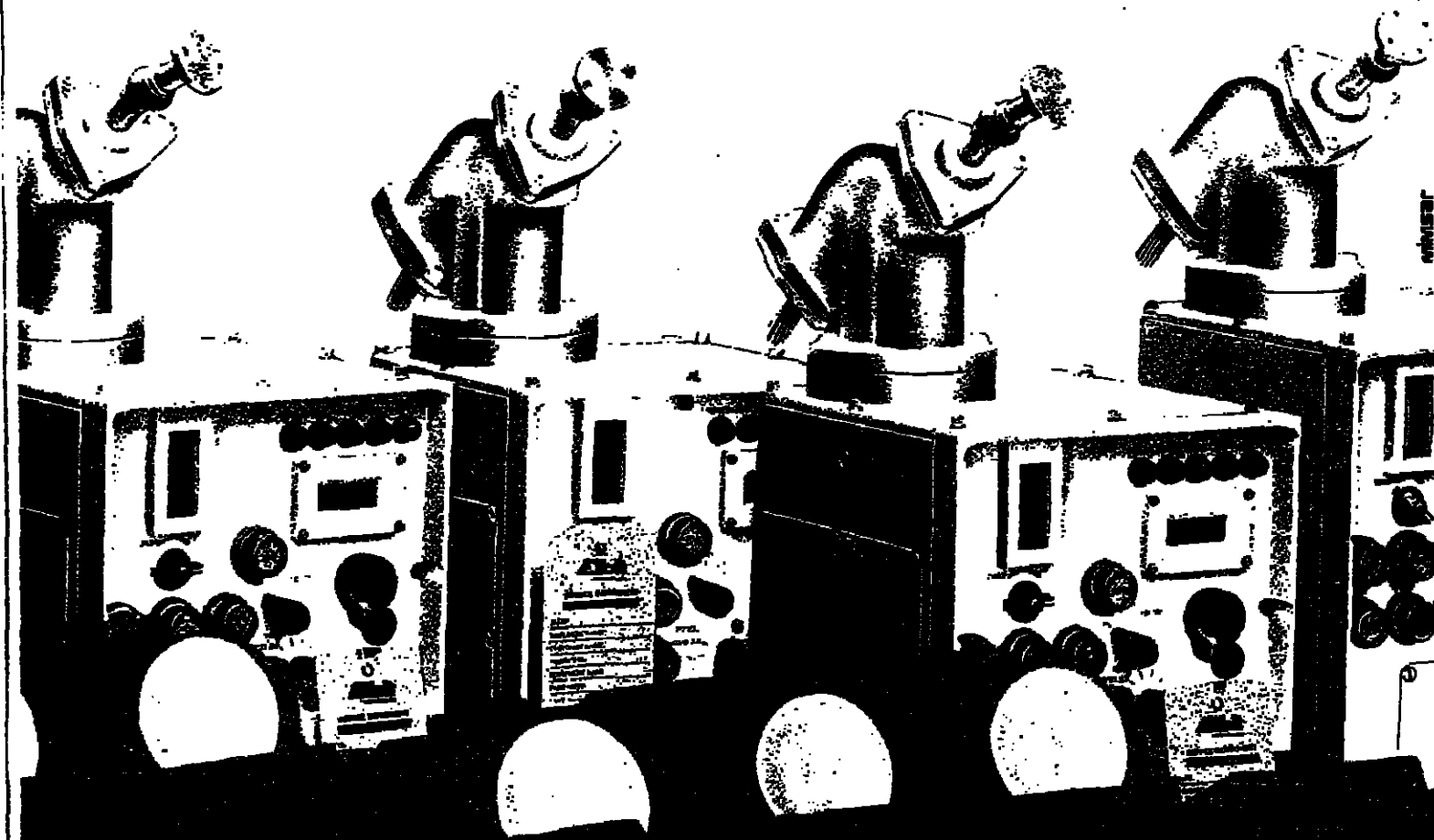
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Oil market shows stability

# Everyone's happy with \$18 a barrel

STAVANGER, Norway (AP). — In the chilling North Sea waters west of this port city, the pace of oil exploration, slowed by last year's stunning drop in world oil prices, is showing signs of picking up again.

The oil companies that put Norway on the oil map in the 1970s are proposing new drilling projects. While none is predicting a new boom, some are advertising for workers again in the local newspapers.

This speedup reflects a growing confidence here and throughout the international oil industry that prices have stabilized and that the Opec Cartel is succeeding in gradually drying up the world oil glut.

"They have stabilized the boat at \$18 a barrel," says the mayor of Stavanger, a town whose 860-year history is dotted with cycles of boom and bust in fishing, shipping and shipbuilding. "We'd like the price to be higher, but we can get by now."

Last summer, the price of oil dipped below \$10 a barrel. That, that most Western economies a shot in the arm, but it posed a serious threat to future oil development in Norway and many other countries.

Analysts and oil industry officials in Stavanger and elsewhere say they cannot be sure that the downward trend in oil prices — which began in 1982 with the onset of an oil glut — has come to an end. Yet signs are growing that prices will hold at least through the end of 1988.

There is some light for us now," says Tore Ullberg, a spokesman for Amoco Norway Oil Co., which is considering drilling four additional wells at its existing Valhalla oilfield. Ullberg's cautious optimism seems to be shared by others in the industry, which contends that many oil drilling prospects in the harsh North Sea environment are uneconomic when oil fetches less than \$18 a barrel.

Oil prices on the open market have been hovering around \$18 a barrel since March. In recent days, prices for top-quality grades of U.S. and British North Sea crudes have broken the \$19 mark and briefly reached \$20 Tuesday in New York.

"The general opinion among people I've talked to inside and outside of Opec is that people feel relatively comfortable with current prices," said Paul McDonald, who follows the oil industry from London for the investment firm of Shearson Lehman Brothers Inc. "They feel there's a reasonable equilibrium."

The current stability in oil markets is due mainly to a decision by the Organization of Petroleum Exporting Countries last December to cut back oil production and enforce a base price of \$18. Prior to that, Opec had been trying to win a bigger share of the market by selling its oil at deeply discounted prices.

"The market is quite happy with the Opec strategy and believes it can be sustained," said Stephen Turner, an oil industry analyst at the investment firm of Wood Mackenzie and Co. in Edinburgh, Scotland.

Opec oil ministers are due to open their regular summer meeting June 25 in Vienna. Analysts believe the Cartel leaders will then reaffirm their December accord and possibly adjust it by sanctioning a modest increase in the members' production quotas or by increasing prices slightly.

King Fahd, of Saudi Arabia, declared May 19 that his country, which produces more oil than any nation except the Soviet Union and the U.S., favoured freezing Opec's oil prices for at least two years.

While many forces in the oil market are working in Opec's favour — including slow but steady rise in world demand for oil — it remains uncertain how long the cartel can keep prices on an even keel.

"We have to admit that the present relative stability of oil prices is extremely fragile," the Norwegian oil minister, Arne Oeien, said in a speech to his counterparts from 20 other Western nations May 11.

Even a relatively small increase in world oil production "would inevitably lead to a dramatic drop in prices," he said.

In a break with the policies of other Western oil producing nations, Norway last January decided to force the companies operating its North Sea fields to reduce production for six months. The purpose was to support Opec's strategy of raising prices by limiting output. The government is due to decide late next month whether to extend its production limits.

Although the oil companies operating Norway's fields have said they oppose government restrictions on output, they have welcomed tax relief measures implemented last January in hopes of spurring new oil exploration.

An interview with founder Arnold Goldman

# Expensive oil keeps Luz in the black

By TOM TUGEND  
Jerusalem Post Correspondent  
LOS ANGELES. — A two-and-a-half hour drive northeast of Los Angeles, four Luz solar power plants sprawl across more than 700 acres of Mojave Desert floor. The fifth, which will become the world's largest thermal solar electric gener-

"With a market price of \$15 for a barrel of oil we hope to compete and perhaps grow at a rate of 20-25 per cent a year," says Luz founder Arnold Goldman.

ating system, is due for completion in October, and two more are to be on line by the end of next year.

The man chiefly responsible for seeding the desert with computer-controlled parabolic solar troughs is Arnold Goldman, a 44-year old native of Rhode Island. Goldman, who considers himself both American and Israeli and sports a beard of Hassidic proportions, this week talked to *The Jerusalem Post* about his company's beginnings, present status and future hopes.

Goldman is president of Luz International Ltd., a privately owned California company, which holds two subsidiaries. One is the Luz Engineering Corp., which markets and operates the company's plants in the U.S. Its president is Patrick Francois, who moved from France to Israel in 1967 and, with Goldman, founded Luz.

The second subsidiary, headed directly by Goldman, is Luz Industries Ltd., located in Jerusalem, which is responsible for all research, development and engineering of the company's products. It manufactures the system's heat-collection elements and the automatic sensors that track the sun's path.

Altogether, Luz has 320 employees in Israel and 240 in the Los Angeles area. Goldman's family moved to Los Angeles when he was 12 years old and after earning a master's degree in electrical engineering, he worked on computer and automation systems for such companies as Litton and Xerox. While still in his middle-twenties, he developed the first word processor linked to a terminal display for Lextron Corp.

Though working 16 hours a day, seven days a week on the job, Gold-

man was also trying to write a book that would explain to himself the interaction between philosophy, morality and daily action. The search led him to the writings of Maimonides and then to a decision to leave the grind and spend two years in Israel working on his book.

He arrived in Jerusalem with his wife in 1977 and there met Francois. The two hit it off, discovered that their technical and entrepreneurial skills meshed, and in 1979 they formed Luz.

The name Luz, Goldman explains to the uninitiated, was the site of Jacob's dream, in which a ladder linked heaven and earth — the same celestial and pragmatic linkage provided by solar power.

The new company's first job was to install an experimental solar energy unit at a small factory in the Negev town of Tapud, which produced potato chips and French fries.

Installation per square metre of the Tapud system was about 80 times as high as for Luz' current enterprises in California. Goldman credits the cost reductions over the years to large scale production, simplified design, new materials and "use of relatively imprecise installation to achieve very precise results."

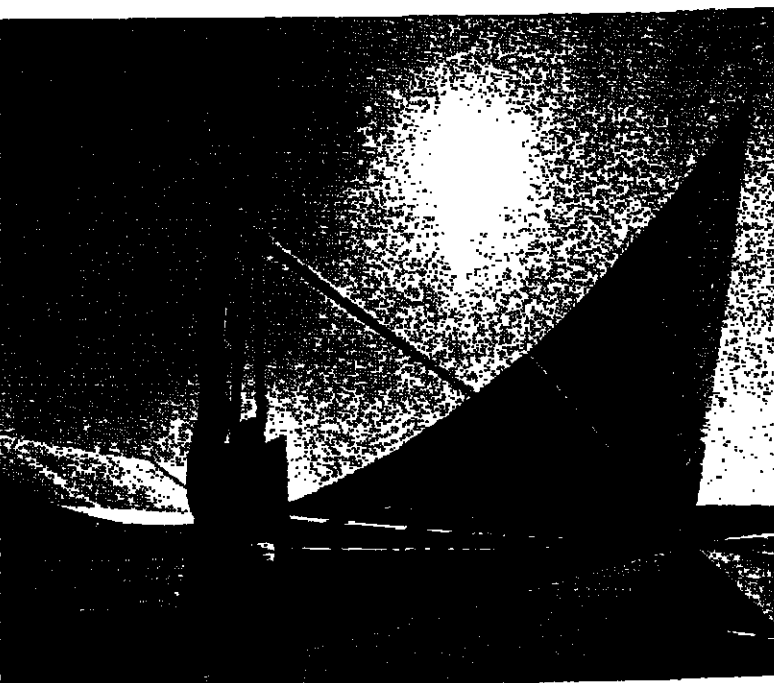
On the California end of the operation, Luz completed the first of its five Solar Electric Generating Systems (Segs) in the Mojave Desert in 1984. Initially, the enterprise was helped by favourable tax laws, which encouraged power companies to use energy sources other than imported oil. Still, 1984 and 1985 were admittedly rough years for Luz in which "we broke about even," said Goldman.

However, 1986, when Luz earned revenues of \$125 million, was profitable and Goldman predicts that 1987 will be even better. As a privately-held company, Luz need not publish profit figures, and Goldman declined to give them.

The viability of solar energy is tied closely to the price of oil. "With a market price of \$15 for a barrel of oil we hope to compete and perhaps grow at a rate of 20-25 per cent a year," said Goldman. "If it drops any lower, we'll have real problems."

He is also looking toward higher productivity and efficiency in plants that would be two or three times bigger than the current 30-megawatt systems, and by adding heat storage facilities, which would allow the plants to operate year round. Currently, it costs between \$100 million-120m, to construct a full-scale Segs.

Luz is looking to other markets beyond California and Israel. States



Concave mirrors, which form the heart of Luz solar collection network, bask in the rays of the California sun.

in the American Southwest have shown interest, as has Australia. A feasibility study for a small test station in Egypt has been announced.

For political reasons, Goldman hedged on naming other nations, although articles in the trade press have cited studies on a joint venture in north India.

# Economists see inflation in U.S.

WASHINGTON (AP). — The U.S. economy will see significantly higher inflation this year because of a weaker dollar, but the falling currency will finally begin to lift the fortunes of American manufacturers, leading economists predicted this week.

The National Association of Business Economists said its latest survey of member sentiment found more optimism that the country will be able to avoid a recession through 1988.

The economists, who work for some of the nation's largest corporations, forecast stronger growth this year, a lower trade deficit and a declining U.S. budget deficit. But they said these favourable economic developments would be offset somewhat by a pickup in inflation.

Consumer prices, which hit a two-decade low rate of 1.1 per cent last year, will climb 4.3 per cent in 1987, the economists forecast. This prediction was more pessimistic than a survey just three months ago which forecast a 3.8 per cent price rise.

Even with the less-favourable inflation prospects, the economists still were optimistic that the recovery from the 1981-82 recession will continue for at least the next two years.

## TODAY'S ENTERTAINMENT

### TELEVISION

**EDUCATIONAL TV**  
8.00 Telecast 8.00 Keep Fit 8.18 School Broadcasts 14.00  
Telecast 14.00 Keep Fit 14.18 Family Problems 15.00 Tau  
Tau 15.25 Revue Summum 16.00 Porcy, Bass and Simon  
Rattle 17.00 A New Evening — live magazine

### ISRAELI TV

**CHILDREN'S PROGRAMMES**  
12.30 Children's Problems  
13.00 Science Fiction series  
18.25 A Look at the Jerusalem Hills  
**ARABIC LANGUAGE PROGRAMMES**  
18.30 News roundup  
19.30 Remedy Date  
19.00 Meeting — current affairs  
19.30 News  
**HEBREW PROGRAMMES** resume at  
20.00 with a news roundup  
20.02 Mabot Sport  
20.50 Beauty Spot — tips on hikes and trips  
21.00 Mabot Newsweek  
21.25 David Ben-Gurion, Part 2 of a 3-part documentary on  
David Ben-Gurion's decisions on different subjects  
22.25 Dempsey and Makepeace. British suspense series  
starring Michael Brandon and Glynis Barber  
23.18 Music — Beethoven: Symphony No. 2 (Concertgebouw/  
Kulild)  
23.50 Language Corner, introduced by Avshalom Kor, and  
News  
**JORDAN TV** (unofficial)  
17.30 Children 18.00 French Hour 19.30 News in Hebrew  
20.00 News in Arabic 20.30 Me & My Girl 21.10 To be  
announced 22.00 News in English 22.30 Feature film  
**MIDDLE EAST TV**  
13.30 Another Life 14.00 700 Club 14.30 Shape-Up 15.00  
Afternoon Movie: The Supremacy Express 16.30 Muppet  
Babies 17.00 Flying Saucer 17.30 Fraggle Rock 18.00 The  
Jeffersons 18.30 Doc 19.00 News 20.00 Hardcastle &  
McCormick 21.00 Facts of Life 21.30 Newhart 22.00 Moon-  
lighting 23.00 700 Club

### RADIO

**VOICE OF MUSIC**  
6.02 Morning Melodies 7.08 Profkoff: Symphony No. 1;  
Goldman: 2 Polonaises; 3. 2 Polonaises; 4. 2 Polonaises;  
Schubert: Ave Maria; Gounod: Sanctus; Holst: The Planets  
5.00 Bruckner: Symphony No. 3; Jostheim: Nottunio Op. 12;  
Dvorak: Cello Concerto (Harnell, Philharmonia/Ashkenazy);  
Bach: The Goldberg Variations; 7.08 Profkoff: Symphony No. 1;  
on an Original Theme for Piano Duet; 4 Songs; Sonatas in A  
minor, "Arpeggione" 13.05 Correll: Concerto Grosso Op. 6

### CINEMA PERFORMANCES

**JERUSALEM**  
Bait Agaron: Mary Poppins 4; Christiane F. 5; Montenegro 6; 30; Blue Velvet 10; Crimes of Passion, midnight; Cinematheque: Rembetzko 7; Mario 9; 30; Ashes and Diamonds 9; 30; Blade Runner, midnight; Edgar: Half Moon Street (Escort Girl) 4:30; 7:30; 9:30; Over the Top 4:30; 7:30; 9:30; Halabla: The Plumber 5:15; 7:30; 9:30; Israel Museum: Gilder and Fred 7; Kravetz Haifa: Haywood, 73 Keren Haywood, 73 Keren Haywood, 73 Keren Haywood; Kyrat Bialik 7:04:05; Haifa: Hanassi, 33 Sderot Hanassi, 33:32.  
**DUTY HOSPITALS**  
Jerusalem: Hadassah Ein Karem (pediatrics, ophthalmology), Bikur Holim (internal, E.N.T.), Sheara Zedek (obstetrics, surgery, orthopedics), Tel Aviv: Rosh (pediatrics), Ichilov (internal, surgery), Netanya: Laniado  
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### WHAT'S ON

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**JERUSALEM**  
**Museums**  
ISRAELI MUSEUM. Exhibitions: Islamic Jewellery Treasures of the 8th cent. to modern times; Pictor Van Lint (Flemish, 1608-1690), "Achilles Among the Daughters of Lycomedes" • Designs submitted in the 1986 competition for Supreme Court Building • Honore Daumier, Armand Hammer Collection • News in Antiquities 87 • Goro-voy Donation, Mid-19th Century Photographs of the human form • Streichman, oils, 1840-today • Tamara Rikman, the Be-witched Shiva, tapers and lacquer, Givat Alon-Jaffa, oil paintings by Felix Nussbaum, Jewish artist who died in the Holocaust • From Duda to 3-D, Meet an Israeli Artist, David Gerstein • Artists Quoting Artists • Ancient Glass, latest acquisitions • Comic Theatre Mask, Pottery, Hellenistic Period (1st and 2nd cent. B.C.E.), Rockefeller Museum • Permanent collections: Archaeology, Judaism, Ethnic Art, the Dead Sea Scrolls (in the Shrine of the Book).  
at the ROCKEFELLER MUSEUM: Ancient Maris and Ratties • Animals in Ancient Art • Islamic Art (Palestine).  
VISITING HOURS: Main Museum 10-5.11; Guided tour of Museum in English, 3.

**Conducted Tours**  
HADASSAH — Hourly tours of the Chapel Windows at Kyrat Hadassah on the half hour. • Information, reservations: 02-413333, 02-445271.  
HEBREW UNIVERSITY  
English tours daily Sunday through Thursday: 1. Mount Scopus, 11 a.m. from the Brookfield Reception Centre, Administration Building, Buses 9, 28, 48, 26 & 23 to the first underground stop, 2. Givat Ram Campus, 9 & 11 a.m. from the Sherman Building, Buses 9, 28, & 24, Tel. 882818.  
AMIT WOMEN (formerly American Mission Women), Free Morning Tours, 8 Alkalat Street, Tel. 02-699222.  
Miscellaneous  
Foliage Evening at the Redeemer Church Courtyard today, Thursday, May 21, 1987 at 9 p.m. Palestinian Folkdance group, "The Roots", presents traditional songs and music. Mustafa El-Kajra (lute).

**TEL AVIV**  
**Museums**  
TEL AVIV MUSEUM. Exhibitions: From Murex to Papyrus • Salvador Dali Whited. Illustration • Alexander Archipenko, A

Law 2: Clockwise 2, 5, 7:40, 9:40; Law 3: Majo 2, 5, 7:30, 9:40; Law 4: Tenue de Soiree 2, 5, 7:30, 9:40; Law 5: Tenue de Soiree 2, 5, 7:30, 9:40; Law 6: Tenue de Soiree 2, 5, 7:30, 9:40; Law 7: Tenue de Soiree 2, 5, 7:30, 9:40; Law 8: Tenue de Soiree 2, 5, 7:30, 9:40; Law 9: Tenue de Soiree 2, 5, 7:30, 9:40; Law 10: Tenue de Soiree 2, 5, 7:30, 9:40; Law 11: Tenue de Soiree 2, 5, 7:30, 9:40; Law 12: Tenue de Soiree 2, 5, 7:30, 9:40; Law 13: Tenue de Soiree 2, 5, 7:30, 9:40; Law 14: Tenue de Soiree 2, 5, 7:30, 9:40; Law 15: Tenue de Soiree 2, 5, 7:30, 9:40; Law 16: Tenue de Soiree 2, 5, 7:30, 9:40; Law 17: Tenue de Soiree 2, 5, 7:30, 9:40; Law 18: Tenue de Soiree 2, 5, 7:30, 9:40; Law 19: Tenue de Soiree 2, 5, 7:30, 9:40; Law 20: Tenue de Soiree 2, 5, 7:30, 9:40; Law 21: Tenue de Soiree 2, 5, 7:30, 9:40; Law 22: Tenue de Soiree 2, 5, 7:30, 9:40; Law 23: Tenue de Soiree 2, 5, 7:30, 9:40; Law 24: Tenue de Soiree 2, 5, 7:30, 9:40; Law 25: Tenue de Soiree 2, 5, 7:30, 9:40; Law 26: Tenue de Soiree 2, 5, 7:30, 9:40; Law 27: Tenue de Soiree 2, 5, 7:30, 9:40; Law 28: Tenue de Soiree 2, 5, 7:30, 9:40; Law 29: Tenue de Soiree 2, 5, 7:30, 9:40; Law 30: Tenue de Soiree 2, 5, 7:30, 9:40; Law 31: Tenue de Soiree 2, 5, 7:30, 9:40; Law 32: Tenue de Soiree 2, 5, 7:30, 9:40; Law 33: Tenue de Soiree 2, 5, 7:30, 9:40; Law 34: Tenue de Soiree 2, 5, 7:30, 9:40; Law 35: Tenue de Soiree 2, 5, 7:30, 9:40; Law 36: Tenue de Soiree 2, 5, 7:30, 9:40; Law 37: Tenue de Soiree 2, 5, 7:30, 9:40; Law 38: Tenue de Soiree 2, 5, 7:30, 9:40; Law 39: Tenue de Soiree 2, 5, 7:30, 9:40; Law 40: Tenue de Soiree 2, 5, 7:30, 9:40; Law 41: Tenue de Soiree 2, 5, 7:30, 9:40; Law 42: Tenue de Soiree 2, 5, 7:30, 9:40; Law 43: Tenue de Soiree 2, 5, 7:30, 9:40; Law 44: Tenue de Soiree 2, 5, 7:30, 9:40; Law 45: Tenue de Soiree 2, 5, 7:30, 9:40; Law 46: Tenue de Soiree 2, 5, 7:30, 9:40; Law 47: Tenue de Soiree 2, 5, 7:30, 9:40; Law 48: Tenue de Soiree 2, 5, 7:30, 9:40; Law 49: Tenue de Soiree 2, 5, 7:30, 9:40; Law 50: Tenue de Soiree 2, 5, 7:30, 9:40; Law 51: Tenue de Soiree 2, 5, 7:30, 9:40; Law 52: Tenue de Soiree 2, 5, 7:30, 9:40; Law 53: Tenue de Soiree 2, 5, 7:30, 9:40; Law 54: Tenue de Soiree 2, 5, 7:30, 9:40; Law 55: Tenue de Soiree 2, 5, 7:30, 9:40; Law 56: Tenue de Soiree 2, 5, 7:30, 9:40; Law 57: Tenue de Soiree 2, 5, 7:30, 9:40; Law 58: Tenue de Soiree 2, 5, 7:30, 9:40; Law 59: Tenue de Soiree 2, 5, 7:30, 9:40; Law 60: Tenue de Soiree 2, 5, 7:30, 9:40; Law 61: Tenue de Soiree 2, 5, 7:30, 9:40; Law 62: Tenue de Soiree 2, 5, 7:30, 9:40; Law 63: Tenue de Soiree 2, 5, 7:30, 9:40; Law 64: Tenue de Soiree 2, 5, 7:30, 9:40; Law 65: Tenue de Soiree 2, 5, 7:30, 9:40; Law 66: Tenue de Soiree 2, 5, 7:30, 9:40; Law 67: Tenue de Soiree 2, 5, 7:30, 9:40; Law 68: Tenue de Soiree 2, 5, 7:30, 9:40; Law 69: Tenue de Soiree 2, 5, 7:30, 9:40; Law 70: Tenue de Soiree 2, 5, 7:30, 9:40; Law 71: Tenue de Soiree 2, 5, 7:30, 9:40; Law 72: Tenue de Soiree 2, 5, 7:30, 9:40; Law 73: Tenue de Soiree 2, 5, 7:30, 9:40; Law 74: Tenue de Soiree 2, 5, 7:30, 9:40; Law 75: Tenue de Soiree 2, 5, 7:30, 9:40; Law 76: Tenue de Soiree 2, 5, 7:30, 9:40; Law 77: Tenue de Soiree 2, 5, 7:30, 9:40; Law 78: Tenue de Soiree 2, 5, 7:30, 9:40; Law 79: Tenue de Soiree 2, 5, 7:30, 9:40; Law 80: Tenue de Soiree 2, 5, 7:30, 9:40; Law 81: Tenue de Soiree 2, 5, 7:30, 9:40; Law 82: Tenue de Soiree 2, 5, 7:30, 9:40; Law 83: Tenue de Soiree 2, 5, 7:30, 9:40; Law 84: Tenue de Soiree 2, 5, 7:30, 9:40; Law 85: Tenue de Soiree 2, 5, 7:30, 9:40; Law 86: Tenue de Soiree 2, 5, 7:30, 9:40; Law 87: Tenue de Soiree 2, 5, 7:30, 9:40; Law 88: Tenue de Soiree 2, 5, 7:30, 9:40; Law 89: Tenue de Soiree 2, 5, 7:30, 9:40; Law 90: Tenue de Soiree 2, 5, 7:30, 9:40; Law 91: Tenue de Soiree 2, 5, 7:30, 9:40; Law 92: Tenue de Soiree 2, 5, 7:30, 9:40; Law 93: Tenue de Soiree 2, 5, 7:30, 9:40; Law 94: Tenue de Soiree 2, 5, 7:30, 9:40; Law 95: Tenue de Soiree 2, 5, 7:30, 9:40; Law 96: Tenue de Soiree 2, 5, 7:30, 9:40; Law 97: Tenue de Soiree 2, 5, 7:30, 9:40; Law 98: Tenue de Soiree 2, 5, 7:30, 9:40; Law 99: Tenue de Soiree 2, 5, 7:30, 9:40; Law 100: Tenue de Soiree 2, 5, 7:30, 9:40; Law 101: Tenue de Soiree 2, 5, 7:30, 9:40; Law 102: Tenue de Soiree 2, 5, 7:30, 9:40; Law 103: Tenue de Soiree 2, 5, 7:30, 9:40; Law 104: Tenue de Soiree 2, 5, 7:30, 9:40; Law 105: Tenue de Soiree 2, 5, 7:30, 9:40; Law 106: Tenue de Soiree 2, 5, 7:30, 9:40; Law 107: Tenue de Soiree 2, 5, 7:30, 9:40; Law 108: Tenue de Soiree 2, 5, 7:30, 9:40; Law 109: Tenue de Soiree 2, 5, 7:30, 9:40; Law 110: Tenue de Soiree 2, 5, 7:30, 9:40; Law 111: Tenue de Soiree 2, 5, 7:30, 9:40; Law 112: Tenue de Soiree 2, 5, 7:30, 9:40; Law 113: Tenue de Soiree 2, 5, 7:30, 9:40; Law 114: Tenue de Soiree 2, 5, 7:30, 9:40; Law 115: Tenue de Soiree 2, 5, 7:30, 9:40; Law 116: Tenue de Soiree 2, 5, 7:30, 9:40; Law 117: Tenue de Soiree 2, 5, 7:30, 9:40; Law 118: Tenue de Soiree 2, 5, 7:30, 9:40; Law 119: Tenue de Soiree 2, 5, 7:30, 9:40; Law 120: Tenue de Soiree 2, 5, 7:30, 9:40; Law 121: Tenue de Soiree 2, 5, 7:30, 9:40; Law 122: Tenue de Soiree 2, 5, 7:30, 9:40; Law 123: Tenue de Soiree 2, 5, 7:30, 9:40; Law 124: Tenue de Soiree 2, 5, 7:30, 9:40; Law 125: Tenue de Soiree 2, 5, 7:30, 9:40; Law 126: Tenue de Soiree 2, 5, 7:30, 9:40; Law 127: Tenue de Soiree 2, 5, 7:30, 9:40; Law 128: Tenue de Soiree 2, 5, 7:30, 9:40; Law 129: Tenue de Soiree 2, 5, 7:30, 9:40; Law 130: Tenue de Soiree 2, 5, 7:30, 9:40; Law 131: Tenue de Soiree 2, 5, 7:30, 9:40; Law 132: Tenue de Soiree 2, 5, 7:30, 9:40; Law 133: Tenue de Soiree 2, 5, 7:30, 9:40; Law 134: Tenue de Soiree 2, 5, 7:30, 9:40; Law 135: Tenue de Soiree 2, 5, 7:30, 9:40; Law 136: Tenue de Soiree 2, 5, 7:30, 9:40; Law 137: Tenue de Soiree 2, 5, 7:30, 9:40; Law 138: Tenue de Soiree 2, 5, 7:30, 9:40; Law 139: Tenue de Soiree 2, 5, 7:30, 9:40; Law 140: Tenue de Soiree 2, 5, 7:30, 9:40; Law 141: Tenue de Soiree 2, 5, 7:30, 9:40; Law 142: Tenue de Soiree 2, 5, 7:30, 9:40; Law 143: Tenue de Soiree 2, 5, 7:30, 9:40; Law 144: Tenue de Soiree 2, 5, 7:30, 9:40; Law 145: Tenue de Soiree 2, 5, 7:30, 9:40; Law 146: Tenue de Soiree 2, 5, 7:30, 9:40; Law 147: Tenue de Soiree 2, 5, 7:30, 9:40; Law 148: Tenue de Soiree 2, 5, 7:30, 9:40; Law 149: Tenue de Soiree 2, 5, 7:30, 9:40; Law 150: Tenue de Soiree 2, 5, 7:30, 9:40; Law 151: Tenue de Soiree 2, 5, 7:30, 9:40; Law 152: Tenue de Soiree 2, 5, 7:30, 9:40; Law 153: Tenue de Soiree 2, 5, 7:30, 9:40; Law 154: Tenue de Soiree 2, 5, 7:30, 9:40; Law 155: Tenue de Soiree 2, 5, 7:30, 9:40; Law 156: Tenue de Soiree 2, 5, 7:30, 9:40; Law 157: Tenue de Soiree 2, 5, 7:30, 9:40; Law 158: Tenue de Soiree 2, 5, 7:30, 9:40; Law 159: Tenue de Soiree 2, 5, 7:30, 9:40; Law 160: Tenue de Soiree 2, 5, 7:30, 9:40; Law 161: Tenue de Soiree 2, 5, 7:30, 9:40; Law 162: Tenue de Soiree 2, 5, 7:30, 9:40; Law 163: Tenue de Soiree 2, 5, 7:30, 9:40; Law 164: Tenue de Soiree 2, 5, 7:30, 9:40; Law 165: Tenue de Soiree 2, 5, 7:30, 9:40; Law 166: Tenue de Soiree 2, 5, 7:30, 9:40; Law 167: Tenue de Soiree 2, 5, 7:30, 9:40; Law 168: Tenue de Soiree 2, 5, 7:30, 9:40; Law 169: Tenue de Soiree 2, 5, 7:30, 9:40; Law 170: Tenue de Soiree 2, 5, 7:30, 9:40; Law 171: Tenue de Soiree 2, 5, 7:30, 9:40; Law 172: Tenue de Soiree 2, 5, 7:30, 9:40; Law 173: Tenue de Soiree 2, 5, 7:30, 9:40; Law 174: Tenue de Soiree 2, 5, 7:30, 9:40; Law 175: Tenue de Soiree 2, 5, 7:30, 9:40; Law 176: Tenue de Soiree 2, 5, 7:30, 9:40; Law 177: Tenue de Soiree 2, 5, 7:30, 9:40; Law 178: Tenue de Soiree 2, 5, 7:30, 9:40; Law 179: Tenue de Soiree 2, 5, 7:30, 9:40; Law 180: Tenue de Soiree 2, 5, 7:30, 9:40; Law 181: Ten



## Citicorp debt step rattles world markets

LONDON (Reuters). - Financial markets were rattled yesterday by news that Citicorp, the biggest U.S. bank, set aside \$3 billion against possible bad third world debts.

Anxiety about the debt crisis sent the price of gold - that favoured investor safe haven in troubled times - to touch \$483 an ounce, its highest in more than four years. Meanwhile, London share prices tumbled, with banks hard hit, and the Tokyo stock market took its second biggest drop in history. London's *Financial Times* 100 share index nosedived 40 points. But Wall Street, after a drop last night and a new sharp fall early in yesterday morning's session, recovered somewhat by the middle of the day.

And the dollar - a useful weather-vane - stayed fairly stable. It

closed in London at 1.774 Deutsch marks and 139.80 yen, not much down on last night's 1.775 and 140.05. Gold also eased back to a London afternoon price of \$475.25 dollars.

The word from several markets was that dealers were still trying to puzzle out the significance of Citicorp's move.

It said last night it would add \$3b to its fund to cover bad loans. The move would put it in the red by \$2.5b. in the current second quarter.

It was the first concrete step by a U.S. bank towards recognition that the Third World may never repay all the \$1 trillion lent since the 1970s, when banks accumulated a huge pool of money used to pay for Opec oil and "recycled" it.

Markets worried about whether

other banks would have to take losses, too, which was what chiefly weighed on bank shares. Manufacturers Hanover said yesterday it, too, would take an intensive look at its loan loss reserve.

In a comment echoed by several other bankers, Franz Luetolf, general manager of Swiss Bank Corp., said in Zurich that the Citicorp move "is absolutely a sign of strength."

Analysts who agreed with that view felt that banks were making clear to debtors that they were strong enough to take a hard line in future talks on debt rescheduling and new loans.

And on Wall Street, the Dow Jones industrial average, after dipping 23 points in the first hour, was up a fraction at midday when it was 2,221 (for late prices, see New York

Financial Markets on this page).

Citicorp itself by then had actually put on around \$3. "Everyone is applauding Citicorp. They have taken the bull by the horns and that is a positive for this market," said Dan Murphy at Wall Street firm C.J. Lawrence.

But a 37-point drop on Wall Street Tuesday night had earlier added to the anxieties of Japanese investors. In the Tokyo market's second biggest one-day dive on record, the Nikkei Average closed 658.28 points down at 23,419.60.

"Japanese banks also lend much money to Latin American countries," said Toranobu Sugai, vice president for Japanese equity trade at Shearson Lehman Brothers. Japan is the largest creditor nation. The Tokyo selloff centred on

banks, securities houses and insurance.

The jitters spread to Europe when the dealers in money, and in the investment instruments in which the affluent world keeps its savings and pensions, flicked on their screens there.

In London, the Financial Times index of 100 leading shares ended 40.3 down at 2174. Bank shares fell, with Lloyds, for instance, off 38 pence at £5.42.

Banks led other sectors down in Frankfurt, where the Commerzbank Index of 60 leading shares, calculated at midsession, fell 22.6 to 1,729.6. Paris brokers cited international anxieties for a sharp drop on the bourse there. The 50-share bourse indicator was down 2.95 per cent.



Elmer Winter, who founded the U.S. Committee for Economic Growth of Israel, receives his exporter award from President Herzog at Beit Hanassi yesterday. (Isaac Harari)

## Elbit heads list of top Israeli exporters

By JUDY SIEGEL  
The 1986 Israel Export Prize was awarded yesterday to Elbit Computers Ltd. for selling around some \$170 million of computer systems and products annually.

A special citation was awarded to Elmer Winter, who has been active in fostering Israel's economic growth, and another special award was given to Kibbutz Gan Shmuel's canning factory. In addition, 13 Israeli companies were named Outstanding Exporters for 1986.

The awards were presented at a Beit Hanassi ceremony yesterday by President Chaim Herzog and Industry and Trade Minister Ariel Sharon. The 15 cited exported a total of \$250 million last year and employ 5,800 workers around the country. They were chosen by a public committee appointed by Industry and Trade Ministry Director-General Yoram Blizovsky. To be eligible, a firm must export at least \$2m. worth of goods or services a year, have doubled its exports in the past four years, and developed new markets, while ensuring quality of design and packaging.

The 15 were chosen from among 60 competing companies. The Export Prize has been awarded at Beit Hanassi since 1974.

Elmer Winter, who received a personal award, established the Committee for Economic Growth of Israel (CEGI) in the U.S. 11 years ago. He was to build a strong and viable economy that would lead to Israel becoming independent of foreign financing.

As a result, 250 Israeli companies were helped in penetrating the U.S. market and selling their products there with marketing strategies and connections developed with suitable American buyers. Five Israeli universities helped to find U.S. companies for joint research in Israel. In addition, Winter has written hundreds of articles that promoted

these projects in the American press. He is also co-founder of Manpower, the largest temporary jobs placement company in the world, which has four branches in Israel.

Elbit, which received the Outstanding Exporter award in 1979, was cited for its adaptation to the dramatic changes in the Israeli economy and managing to succeed, despite drastic reductions in sales to the Defense Ministry.

Gan Shmuel processes over 60,000 tons of citrus fruits, 15,000 of tomatoes, as well as other fruits. About 95 per cent of production is exported.

The other winners were:

•Giv'at Chitrit Products near Kibbutz Gat; •NIMI Ltd., which produces nylon thread for textiles; •Tadmon Ltd., which makes leather dollies at Kibbutz Eilat Tzurim; •Tobias Jewellery Ltd., which sells its wares to such stores as Farouki and Bloomingdale's; •Hagapim Ltd., which is the largest Israeli manufacturer of polyvinyl chloride sheets; •Abic Ltd., the pharmaceutical company; •Shalom Industries Ltd., of Kiryat Gat, which processes rubber and plastic products; •Vivonic Ltd., which produces televisions and telephone-linked products and branched out into infra-red light lenses; •Rad Data Communications Ltd., which makes products for communications between computers; •Urban Industries Ltd., a subsidiary of Cal Ltd. that makes products for military use here and abroad; •Aurac Information and Directory Systems Ltd., which makes computer software for foreign phone companies, as well as electronic mail in Israel; and •C.G. Israel Studios Jerusalem Ltd., set up by Menachem Golan and Yoram Globes, which has set up a communications and film centre at Navei Ram outside Jerusalem.

## CORRECTION

In yesterday's Developments column, the Garvur Group's high technology industrial park was reported to be located in the wrong city. It is in Rishon LeZion. In addition, the two structures built by Australian and South African investors have a total of \$10 million.

## Tourism project's woes tied to lack of gov't aid

By GREER FAY CASHMAN  
Jerusalem Post Reporter  
TEL AVIV. - The government's failure to come through with the grants and loans it promised for the development of the Tiberias recreation and health centre has helped force the project's foreign partner to pull out. Shlomo Grofman, chairman of Africa-Israel Investments Ltd., said yesterday.

He said the West German bank, BFG, which held a 50 per cent stake in the project had sold its interest to Verno, a company controlled by a West German trade union. Verno only agreed to acquire the stake at the urging of Africa-Israel. Grofman said.

Grofman, who also acts as head of Bank Leumi's finance division, accused the government of reneging on its promise to provide 40 per cent of the project's funding requirements.

Close to \$60 million had been invested to date, he said, with \$10m. in the past three years, but the government had so far come up with a \$2m. tourism development loan and a \$200,000 grant.

Grofman conceded that other factors had contributed to the West German bank's decision to pull out of the project, whose chief feature is the four-star Ganei Hamat Hotel. Construction delays, problems caused by religious opposition to the project, which was alleged to have been built on an ancient Jewish cemetery; and continuing losses were also behind BFG's decision.

Grofman said Africa-Israel's profit for last year was effectively cut by \$1m. by problems connected with the Tiberias Hot Springs project. Africa-Israel, a unit of Bank Leumi, earned \$7.5m. in 1986.

Grofman also pointed to several obstacles blocking development of Tiberias as a tourist destination in general, including its distance from Ben-Gurion Airport, the absence of recreational facilities, high municipal taxes and the fact the European sick funds do not send patients there for cures.

As a result, occupancy levels in Tiberias's 3,000 hotel rooms averages barely 50 per cent, well below the accepted break-even point of 60-70 per cent.

## Chrysler, AMC merger approved

DETROIT (Reuters). - American Motors Corp. said yesterday its board approved a merger agreement with Chrysler Corp., the third-largest car manufacturer in the U.S.

In a March deal with Renault of France, which controls American Motors, Chrysler agreed to acquire the 46 per cent of AMC owned by Renault, and offered to purchase the rest of the shares.

The merger marks the most significant shift among U.S. car manufacturers in over 30 years and a major move by Chrysler to expand its North American business.

## Private sector reserves up

By AVI TEMKIN  
The private sector held an unprecedented surplus of \$450 million during the first quarter of 1987, compared with \$400m. for the entire 1986, the Bank of Israel reported yesterday.

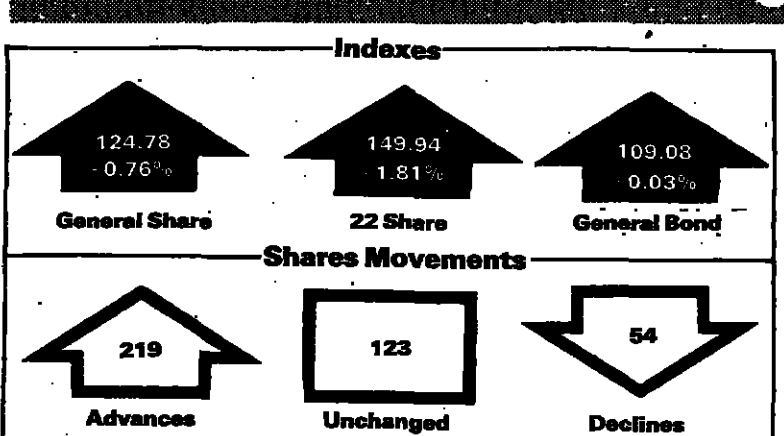
In doing so, the bank officially recognized that the high interest rates in Israel had attracted huge amounts of foreign currency during the first three months of the year.

The figures released by the bank showed that during 1986 the cash actually brought in by the private sector was \$450m. lower than what it should have been according to its

commitments. Thus, the bank concluded, the \$450m. amounted to the sums returned to the banking system from "under the mattress." This compares with a leakage of foreign currency totalling \$480m. in 1985.

A breakdown of balance of payments according to currencies showed that, despite the large fluctuations in the value of these currencies, the share of transactions in dollars remained stable between 1982 and 1986, at some 70 per cent of the total. The bank concluded that there was a very slow pace of adjustment of the economy to changes in the value of currencies.

## Tel Aviv Stock Exchange



## Selected Prices

Name	Price	Turn	% change
Maquet 1	5200	77	+4.0
Single 1	844	912	+2.4
Pikot	5930	170	-
Gilbar Sabrina	18830	257	-4.8
Roginson	2540	209	-
S. Car Co. 1	5915	269	+5.2
Zion Cable	3650	2195	+5.2
Packer Steel	18900	130	-
SIB	58500	12	-
Argo	424000	12	-
Cal Electronics	27900	170	-0.2
Spektron 1	2941	2145	+1.1
T.A.T. 1	1905	1820	+3.3
Acherman 1	1140	2553	+5.1
Alliance	3823	700	+7.3
Dezner	3105	55	-
Hebrews	5252	54	+1.0
Heita Chem.	1009	4156	+3.2
Dezner Sea	2980	2744	+3.9
Hebrews Paper	426000	65	-0.6
Koor p	8304	189	+3.2
Clal Ind.	285	59564	+2.3

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## Investment Companies

Name	Price	Turn	% change
IDB Dev. r	10080	1286	+1.0
AFI 1	391	5804	+2.8
Galelet	1850	185	+3.1
Legal Corp. 1	3580	368	+2.1
Wolfson 1 r	142000	37	-
Hapoalim Inv.	11015	372	+4.8
Discount Invest.	6900	133	-2.2
Mitral Invest.	2455	80	-2.0
Leumi 0.1	10270	129	+1.0

## Oil Exploration

Name	Price	Turn	% change
J.O.E.L.	841	11761	+1.1

## Trade &amp; Services

Name	Price	Turn	% change
Mail Era	954	1930	+5.5
Lightage	28751	24	+3.3
Gold Storage	1470	2380	+7.1
Dan Hotels	2200	691	-
Yarden Hotel	2648	90	-1.9
Hilon 1	23400	78	-
Taan 1	580	2800	+3.5

## Real Estate, Building and Agriculture

Name	Price	Turn	% change
Azriem	1320	11108	+2.3
Silon	480	482	-
Africa Int. 0.1	48000	87	-
Darkeem	8930	181	+1.4
Rasso r	5400	238	+0.0
Mehadrin	6020	775	+2.0

## Industrials

Name	Price	Turn	% change
Dubok b	5600	289	+0.7
Pri-Zet 1	10600	no trading	-
Summit	760	485	+1.8
Adgar	4210	315	+1.4
Delta Galil	no trading	-	-

Abbreviations: n.s. = no trading; b. = buy; r. = registered

## Statistics

## Stock Indices

Index	Value	% change
General (incl. argmt.)	148.35	+1.43%
Non-argmt. Banks	188.13	+1.98%
Arrangement Banks	103.30	+0.10
Mortgage Banks	135.87	+3.01%
Financial Ind.	114.79	+0.27%
Insurance	118.58	+1.80%
Commerce & Services	148.08	+1.77%
Real Estate & Agric.	140.20	+1.87%
Industrials	148.20	+1.14%
Food & Tobacco	120.41	+0.52%
Textiles	142.43	+0.96%
Metals	162.01	+1.45%
Electronics	108.28	+0.52%
Chemicals	152.94	+1.01%
Industrial Invest.	189.44	+2.17%
Investment Cos.	107.73	+1.78%
Oil Exploration	185.08	+1.47%

## Bond Indices

Index	Value	% change
Index-linked Bonds	108.58	+0.01%
Fully linked	108.14	-0.04%
Partially linked	111.57	+0.19%
Foreign Currency	112.21	+0.08%
FC denominated	111.28	+0.24%
FC linked	108.28	+0.14%
Short-term 0-2 yrs	108.28	-0.07%
Short-medium 2-5 yrs	110.12	-0.08%
Medium-long 5-7 yrs	110.82	+0.14%
Long-term 7+ yrs	110.82	+0.14%

## Turnovers

Index	Value	% change
Total Shares	NIS 14,448,900	-
Non-argmt.	NIS 10,588,900	-
Argmt.	NIS 3,859,900	-
Bonds	NIS 6,440,400	-
Treasury Bills	NIS 31,283,600	-

## Share Movements

Index	Value	% change
Advances	219	(42)
Declines	54	(2)
Unchanged	123	(2)
of which 5%+ up	31	(2)
of which 5%+ down	54	(28)
of which 5%+ unchanged	4	(6)
Trading list	27	(22)

## Bond Market Trends

Index	Value	% change
Index-linked	108.58	+0.01%
3% fully linked	108.14	-0.04%
8% fully linked	111.57	+0.19%
Double linked:		
Admon	112.21	+0.08%
Rimon	111.28	+0.24%
Gilboa	108.28	+0.14%
GC denominated	110.12	-0.08%
T-bills	108.28	+0.14%

## Arrangement Yields

Index	Value	% change
IDB dev.	16.04%	-
Union 1	15.85%	-
Discount A	16.05%	-
Mitral R.	16.11%	-
Hapoalim R.	16.12%	-
General A	16.44%	-
Leumi Stock	16.05%	-
Leumi Trade 1	16.05%	-

## 22 Shares

Name	Price	Turn	% change
First Int'l	6829	4580	+1.3
Hasanah r	383	2400	+1.3
Supersol A	1103	120	+0.5
Supersol B	5779	380	+1.0
Dalek r	3712	230	+1.0
Prop. & Bldg.	65433	16	+1.3
ILIC	4540	830	+1.8
Iaprio	748	489	+1.0
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## The sin of complacency

A PERNICIOUS doctrine that started life as self-congratulatory back-slapping in the corridors of economic control in Jerusalem has now swept forth to become the common wisdom in business circles in Tel Aviv. It says that all's well with the Israeli economy, and the whole subject can be forgotten about until "after the holidays" - that brilliant Israeli formula for not thinking about unpleasant subjects from May through October.

Representatives of the "all's well" brigade, from the finance minister downward, present an impressive list of statistics to support their case.

In particular, they point to successive consumer price indexes that have been lower than expected, and to the likelihood of very low inflation figures for the next three months. This "stabilization of the stability" in the economy will lead inevitably to lower interest rates, they add, thereby bringing cheer to the whole business sector in one fell swoop.

When the small band of non-believers attempts to raise the subject of burgeoning imports and the rapid widening of the trade deficit, the optimists point to the almost embarrassingly large foreign currency reserves that keep marching higher from month to month, as proof that the import boom is not dangerous. Furthermore, they say, the imports reflect expanded economic activity, and presage investment and hence future growth.

It is as easy to fall into the trap of resting on the impressive, but still fragile, laurels of low inflation and high currency reserves, as it is to cry wolf on the basis of the consumer-led import boom. Critics such as Professor Haim Ben-Shahar, who are warning of a rerun of the Arid boom and bust of 1982/3, leave themselves open to the counter-charge that they are deliberately ignoring the enormous differences between that period and the current one, notably in the size and trend of the state budget deficit.

On the other hand, those smug and complacent ministers and civil servants who focus only on the favourable trends, and play down the disturbing trade figures, are walking on very thin ice. Even if it holds firm long enough for them to cross, it is wrong of them to pretend that there are no risks involved.

Economics Minister Gad Ya'acobi has, for over a year, been a voice in the wilderness demanding that the government pay more attention to the trade figures than to the reserves, which can disappear much faster than they accumulate. It is usual to dismiss Mr. Ya'acobi as someone who has too little to do and hence too much time to talk. But, to twist Henry Kissinger's dictum, even frustrated politicians may have a real message to deliver.

This disunited government may still be capable of taking up Mr. Ya'acobi's suggestion that it hold a serious economic debate in which, instead of telling itself how clever it is, it consider the possibility that today's tranquillity is not guaranteed to last for ever. It might even ponder the revolutionary thesis that "you've never had it so good" is a fine election slogan, but a poor framework for a coherent economic policy.

## Gush Emunim on course

ALL IS QUIET again inside Gush Emunim, after its squabbling "moderate" and "radical" factions composed their differences, so to speak.

The cause of the "moderate" uprising, Daniella Weiss, was confirmed as secretary general. But she was now joined by four Gush leaders, among them founding-father and currently leading oppositionist Hanan Porat, in a committee authorized to keep an eye on her movements. This was supposed to ensure that the "radical" Mrs. Weiss would no longer embarrass some of her colleagues by blindly following orders from Rabbi Moshe Levinger, who was also named to the committee.

Today Mrs. Weiss is to be formally charged in a Kfar Sava court with disturbing the peace and causing material damage during the bottle-breaking rampage she instigated in the Arab town of Kalkilya, just across the Green Line, two weeks ago. It was that rampage which triggered the revolt against her. To date, however, she has shown no sign of repenting the violence she then perpetrated, or the uses of violence in general.

Her opponents must nevertheless have satisfied themselves that Gush Emunim will from now on strive to win "the hearts and minds" of the people on the great issue of Greater Eretz Yisrael, rather than seek confrontation with Peace Now or, especially and far worse, with the army. But the "moderates" appear to be labouring under an illusion.

Confrontation did not become Gush Emunim's style only five years ago when Rabbi Levinger, as oppositionist Rabbi Yoel Bin-Nun puts it, became preoccupied with matters of security. The style of confrontation has marked the Gush's *modus operandi* from the start. If it gained more prominence of late it is because brutal confrontation proved itself as the right method for achieving Gush aims even when government policy severely limits new settlements in the territories.

The tactical debate within the religious-nationalist Gush must not be allowed to conceal the fact that the two rival groups share a common strategic goal. They both wish Israel to absorb Judea, Samaria and Gaza in their entirety, even if that means renewed war. Neither of them appears to be disturbed by the official demographic projection of up to 2.4 million Arabs in the territories by the year 2002.

When the dust whipped up by the debate has completely settled, it will become clear that the "moderates" are but a sugar coating over the bitter pill represented by the "radicals," and that Daniella Weiss's real crime was her poor public relations.

Proof of this may in fact already have been provided last Sunday, in the Gush Emunim reaction to a three-month "restriction order" issued by the OC Central Command against a West Bank settler. The man, so the army alleged, had during the previous two years repeatedly sought to break into Joseph's Tomb, on the outskirts of Nablus, had assaulted soldiers, run roadblocks, and blocked traffic inside Nablus itself.

Gush Emunim did not contest the veracity of the charges against Romam Aldubi. It merely termed the restriction order "political" and "racist." So much for "moderation."

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NOW, WITH THE Indian government's decision to allow Israel to play its Davis Cup quarter-finals in New Delhi, it is a good time for India to go further in thawing relations with Jerusalem. In opening a window to Israel - a fellow member in the select club of democratic nations - India could simultaneously further its political and economic interests while enhancing its international moral stature.

If "ping-pong diplomacy" ushered in the historic American opening to China, India now has an opportunity of going further with "tennis diplomacy."

Following its Davis Cup victory in March over Czechoslovakia, Israel qualified to play India for the semi-finals in New Delhi. India found itself in a fix. If it did not grant visas to the Israeli team, it ran the risk of forfeiting the next round. But admittance of the Israeli players would require reversing India's long-standing practice of denying entry to Israeli sports teams. The most recent instance occurred in February, with the exclusion of the Israeli Table Tennis Federation from the World Table Championship in New Delhi, despite the Indian federation's pledge to invite all member states of the international federation, of which Israel is one. This practice forms an integral part of India's deep-rooted anti-Israel policy; its

## India-Israel relations

# Tennis diplomacy

Phil Baum and Raphael Danziger

reversal might lay the groundwork for a long-overdue rapprochement between the two Asian nations.

Negative Indian pronouncements toward the Zionist enterprise go back exactly half a century. In 1937, India's dominant Congress Party formally assured the Palestinians of the "solidarity of the Indian people with them in their struggle for national freedom."

After independence, India conducted a similarly rigid pro-Arab policy. Declaring that "Palestine is essentially an Arab country," New Delhi voted against its partition in 1947, and against Israel's admission to the United Nations in 1949. It has refused to establish full diplomatic relations with Israel, restricting formal ties to an Israeli consulate in Bombay. It has prohibited official visits, commercial or cultural delegations, as well as sports teams from Israel. And it has consistently voted

against Israel in the United Nations, including a vote for the 1975 resolution equating Zionism with racism.

Furthermore, the Indian government has assiduously courted the PLO. Shortly after its recognition by the Arab League in 1974 as the "legitimate representative of the Palestinian people," a PLO liaison office was opened in India. In 1980, India accorded full diplomatic status to the PLO office in its capital. And a few days later, it treated the visiting PLO leader Yasser Arafat as a head of state.

HISTORICALLY, this policy derives from the efforts of the Congress Party's Hindu leadership to bolster the indigenous Moslems' loyalty by catering to their presumed sympathy toward their Arab co-religionists. Since independence, this policy has been reinforced by two further considerations. Politically, India has sought to enlist Arab support in its

conflict with Pakistan. And economically, India has endeavored to secure from the Arab members of OPEC lower oil prices, credits, and investments, as well as markets for its own exports. New Delhi's hopes have been dashed on both counts.

Despite its strenuous efforts, the Arab bloc has remained strictly neutral in the India-Pakistan dispute. The Arab oil producers have refused to grant India any price breaks or credits. Their investments have flowed to the lucrative financial markets of the West rather than to India's ramshackle economy, and their own markets have absorbed less than 10 per cent of India's exports, leading to ruinous trade deficits and foreign-exchange shortages.

If experience is any guide, India is no more likely to be "punished" for improving its relations with Israel than it was rewarded for ostracizing

it. During the early 1950's - the only productive period in India-Israel relations - New Delhi recognized Israel, approved the Israeli consulate, and permitted unrestricted immigration to Israel of its indigenous Jewish community. No domestic Moslem protests or demonstrations ensued, nor did the Arabs take any punitive actions against India. More recently, no harm came to Spain or to several African nations for establishing full diplomatic ties with Israel. If India were to follow suit, the Arabs would at most lodge formal protests; the same goes for India's Moslem population, whose primary concerns are far removed from the Arab-Israeli conflict.

India could derive considerable advantages from normalizing its ties with Israel. Apart from mutually beneficial trade and the unique Israeli expertise in agriculture, India could gain the necessary credentials for playing a role in promoting Mideast peace.

Following a particularly nasty Indian snub to Israel back in 1966, critics of New Delhi's policy noted that some friendly gestures toward Israel would be a healthy reminder to the Arabs that India's support should not be taken for granted. This point is still valid.

Phil Baum is the American Jewish Congress's associate executive director and Raphael Danziger is assistant director of its Commission on International Affairs.

# A challenge to the Palestinians

Michael Lerner

State of Israel and declare its willingness, on behalf of the Palestinian people, to renounce all Palestinian claims to the pre-1967 territory of the State of Israel as part of a negotiated settlement, in exchange for which Israel would recognize a Palestinian state within the West Bank and Gaza.

Announce its willingness to accept a demilitarized and neutral status (roughly equivalent to what was imposed on Austria after World War II), with its border patrolled either by Israel or by an international armed force partly composed of Israelis, whose task would be to prevent arms from entering the state; and recognize Israel's right to intervene militarily should any significant quantity of arms be brought in.

IF THIS programme were to be adopted - not merely for propaganda purposes alongside other forms of violent struggle, but as the new dominant reality of a Palestinian

movement - it would quickly precipitate a massive move towards the peace camp both within Israel and among Diaspora Jewry. It would be the functional equivalent of a Sadat visit to Jerusalem - but it would take longer to overcome the scepticism of Israelis, wearied by years of terrorist attacks and violent rhetoric.

The Palestinians should recognize that the only way to move opinion in a democratic state is to appeal to its own values. The use of non-violence would trigger a response based on the best aspects of the Jewish tradition. Once they were convinced that the Palestinians were serious, large numbers of Jews would participate with them in the non-violent civil disobedience. Anyone who understands the psychology of Jews and Israelis knows that this strategy would transform the political scene and that Palestinians would be able to win for themselves the very self-determination that is doomed by the current Palestinian struggles.

Those of us who have publicly criticized Israel's policies on the West Bank have a right to demand of the Palestinians that they take decisive action to change their current

rhetoric and recognize the political realities. If Palestinians want peace and self-determination, they can have it. If they genuinely wish to live in peace with Israel, as their moderate spokesmen in the U.S. continue to insist, then it is time for them to put up or shut up. American Jewish liberals could play a decisive role in assisting Palestinians to win their struggle. Is it not time for the Palestinian people to replace those who have led them down the path of self-destruction with a new kind of leader, willing to follow the kind of peaceful strategy outlined here?

Had Jews been offered this opportunity at any time in the decades of struggle before the creation of the state they would certainly have taken it. Those of us who have rejected the conservative leadership of the Jewish world call upon Palestinians to follow a rational course, and create the leaders, institutions and organizations capable of putting such a strategy into practice.

Michael Lerner is editor of *Tikkun Magazine*, an American-Jewish, bi-monthly critical review of politics, culture and society.

## LAVI

(Continued from Page One)

Two-thirds of the respondents said they would contribute to a "Lavi loan" fund which would also offer prizes: 29 per cent said they would not, and 5 per cent did not express an opinion.

Asked whether they had seen the Lavi's demonstration flight on Independence Day, 29 per cent said yes and 98 per cent of those who saw the plane reacted positively to it, Tse-mach noted.

Publication of any details of yesterday's four-hour session is a criminal offence since the meeting was declared a session of the Ministerial Defence Committee.

However, it appeared that the main points that were presented to the ministers had been presented in background briefings to defence reporters.

The Air Force, represented yesterday by its commander, Aluf Amos Lapidot, has long maintained that the Lavi is an excellent plane - but that there is no fundamental difference between it and the F-16C, which is cheaper and can be delivered at an earlier date.

The IDF's alternative has been studied by its planning branch headed by Aluf Avihu Bin-Nun who also briefed the ministers.

The view there is that Israel can get more security per dollar by scrapping the Lavi project. The planning branch has a list of research and development projects which could absorb all of the manpower now at work on the Lavi - and make better use of their skills. The alternate projects would utilize an estimated \$250m. here and the remainder would be spent in the U.S. to buy material it does not pay to produce locally.

A third official to brief the cabinet yesterday was Menahem Eini who as head of the Lavi programme could give a first-hand account of where the programme stands and what lies ahead.

So far, the Lavi has climbed to 43,000 feet and reached a maximum speed of 0.9 mach. The second prototype will soon test refuelling in the air.

If an extra \$100m. a year is spent on the Lavi, serial production can begin in 1990/91.

The cabinet will be briefed by Defence Ministry economic adviser Zvi Trop and its director-general David Ivri.

During yesterday's meeting scores of IAI workers demonstrated on behalf of the project and some placed the IAI's in-house magazine, which promotes the Lavi, on car windshields.

One demonstrator told a reporter: "First we built the Arava (transport plane), we progressed to the Kfir and now the Lavi. Do they want to block technology? Do we want 5,000 engineers and technicians to leave

the country? Does everything around this country revolve around money? If that were so we wouldn't have had a state!"

Meanwhile, inside the Prime Minister's Office a key aide indicated that the final decision boiled down to resolving whether Israel avoids serious damage to the army in the coming years or whether it builds an industry which can also produce planes in the beginning of the next century.

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